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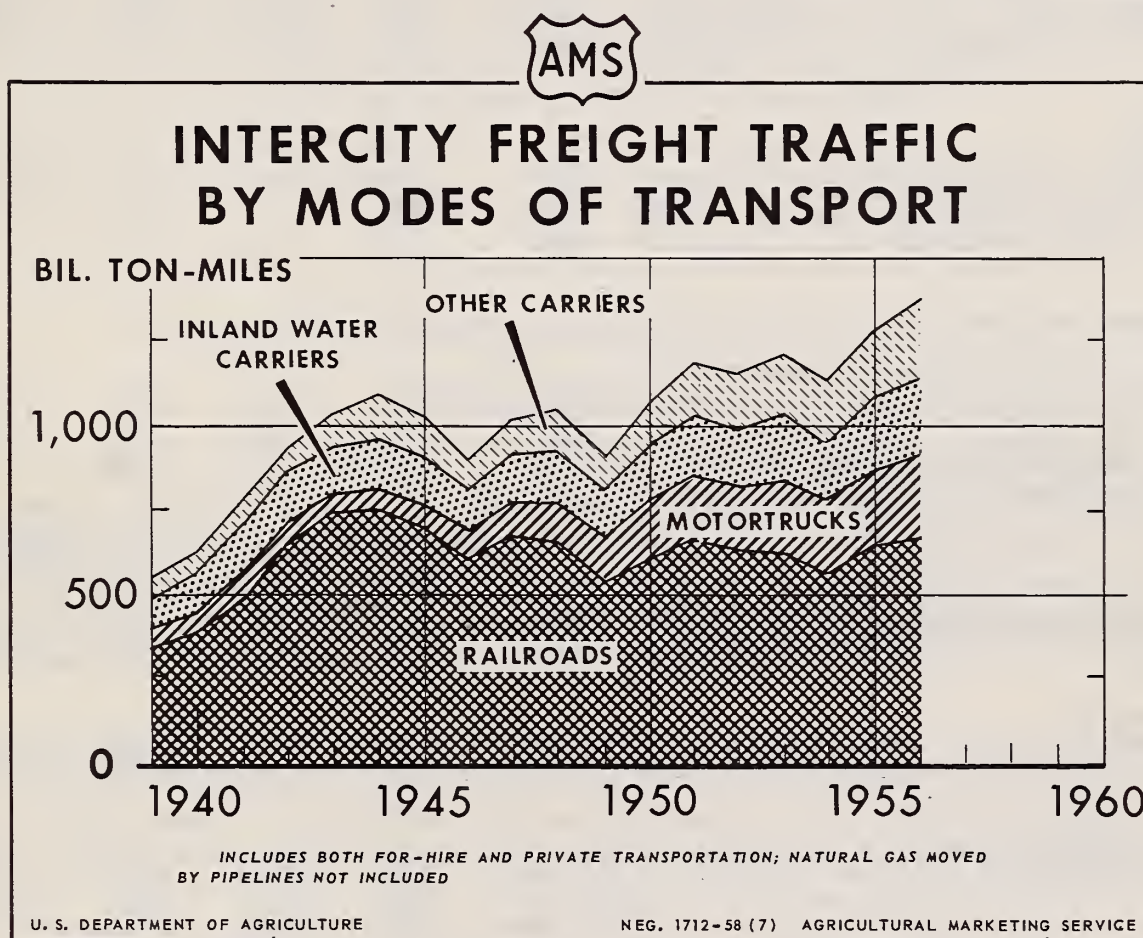
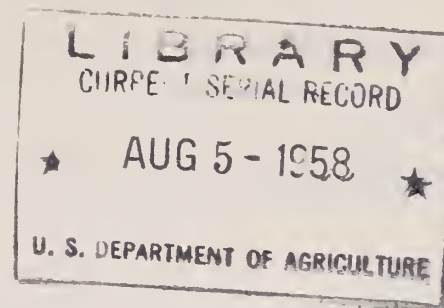
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July 1958  
FOR RELEASE  
JULY 30, P. M.

# MARKETING and TRANSPORTATION SITUATION

MTS-130



The Nation's intercity freight traffic, including that from farms to cities, from cities to farms, and between cities, came to half again as many ton-miles in 1956 as in 1946. Motortrucks have hauled an increasing share: 9 percent in 1946, 19 percent in 1956. The oil pipelines' share is likewise growing. The railroads'

percentage of the total traffic has gone down; but their ton-miles rose from 602 billion in 1946 to 656 billion in 1956. Inland water carriers also haul a big and increasing volume of freight, although a fairly stable percentage. In 1956, the air carriers' ton-miles pushed past the half-billion mark.

Published quarterly by  
AGRICULTURAL MARKETING SERVICE  
UNITED STATES DEPARTMENT OF AGRICULTURE

STATISTICAL SUMMARY OF MARKET INFORMATION

| Item  | Unit or<br>base period | 1957  |             |             | 1958        |             |
|---|------------------------|-------|-------------|-------------|-------------|-------------|
|   |                        | Year  | : Apr.-June | : Oct.-Dec. | : Jan.-Mar. | : Apr.-June |
| <u>Farm-to-retail price spreads</u>                               |                        |       |             |             |             |             |
| Farm-food market basket: 1/                                       |                        |       |             |             |             |             |
| Retail cost .....   | Dol.                   | 1,007 | 1,002       | 1,015       | 1,056       | 1,083       |
| Farm value .....  | Dol.                   | 402   | 396         | 408         | 436         | 444         |
| Farm-retail spread .....  | Dol.                   | 605   | 606         | 607         | 620         | 639         |
| Farmer's share of retail cost .....                               | Pct.                   | 40    | 40          | 40          | 41          | 41          |
| Cotton: 2/  |                        |       |             |             |             |             |
| Retail cost .....   | Dol.                   | 56.50 | 56.43       | 56.60       | 56.38       | —           |
| Farm value .....  | Dol.                   | 6.74  | 7.05        | 6.22        | 5.74        | —           |
| Farm-retail spread .....  | Dol.                   | 49.76 | 49.38       | 50.38       | 50.64       | —           |
| Farmer's share of retail cost .....                               | Pct.                   | 12    | 12          | 12          | 10          | —           |
| Tobacco: 3/   |                        |       |             |             |             |             |
| Retail cost .....   | Dol.                   | 3.64  | —           | —           | —           | —           |
| Farm value .....  | Dol.                   | .55   | —           | —           | —           | —           |
| Federal and State excise taxes .....                              | Dol.                   | 1.39  | —           | —           | —           | —           |
| Farm-retail spread excluding excise taxes .....                   | Dol.                   | 1.70  | —           | —           | —           | —           |
| Farmer's share of retail cost .....                               | Pct.                   | 15    | —           | —           | —           | —           |
| <u>General economic indicators</u>                                |                        |       |             |             |             |             |
| Consumers' per capita income and expenditures: 4/                 |                        |       |             |             |             |             |
| Disposable personal income .....                                  | Dol.                   | 1,782 | 1,789       | 1,780       | 1,762       | —           |
| Expenditures for goods and services .....                         | Dol.                   | 1,661 | 1,653       | 1,666       | 1,653       | —           |
| Expenditures for food .....                                       | Dol.                   | 388   | 387         | 389         | 393         | —           |
| Expenditures for food as percentage of<br>disposable income ..... | Pct.                   | 22    | 22          | 22          | 22          | —           |
| Hourly earnings, production workers, manufacturing: 5/            |                        |       |             |             |             |             |
| Hourly earnings of food marketing employees 6/ ...                | Dol.                   | 1.90  | 1.90        | 1.97        | 1.97        | 1.98        |
| Retail sales: 7/  |                        |       |             |             |             |             |
| Food stores .....   | Mil. dol.              | 3,981 | 3,931       | 4,162       | 4,217       | 4,159       |
| Apparel stores .....  | Mil. dol.              | 1,020 | 990         | 988         | 1,045       | 1,013       |
| Manufacturers' inventories: 7/                                    |                        |       |             |             |             |             |
| Food and beverage .....   | Mil. dol.              | 4,802 | 4,869       | 4,685       | 4,765       | 4,748       |
| Textile .....   | Mil. dol.              | 2,656 | 2,625       | 2,627       | 2,606       | 2,585       |
| Tobacco .....   | Mil. dol.              | 2,013 | 2,047       | 1,885       | 1,896       | 1,887       |
| Indexes of industrial production: 8/                              |                        |       |             |             |             |             |
| Food and beverage manufactures .....                              | :1947-49=100:          | 113   | 112         | 113         | 113         | 113         |
| Textiles and apparel .....  | :1947-49=100:          | 104   | 106         | 95          | 98          | 99          |
| Tobacco manufactures .....  | :1947-49=100:          | 111   | 110         | 112         | 117         | 115         |
| Index of physical volume of farm marketings .....                 | :1947-49=100:          | 116   | 96          | 89          | 91          | 96          |
| <u>Price indexes</u>  |                        |       |             |             |             |             |
| Consumer price index 5/ .....                                     | :1947-49=100:          | 120   | 120         | 123         | 124         | 124         |
| Wholesale prices of food 5/ .....                                 | :1947-49=100:          | 104   | 103         | 112         | 111         | 112         |
| Wholesale prices of cotton products 5/ .....                      | :1947-49=100:          | 91    | 91          | 89          | 88          | 88          |
| Wholesale prices of woolen products 5/ .....                      | :1947-49=100:          | 110   | 111         | 103         | 102         | 100         |
| Prices received by farmers 9/ .....                               | :1947-49=100:          | 89    | 89          | 97          | 97          | 97          |
| Prices paid by farmers 9/ .....                                   | :1947-49=100:          | 114   | 114         | 117         | 118         | 118         |

1/ Average quantities of farm food products purchased per wage-earner and clerical worker family in 1952.

2/ 42 cotton articles of clothing and housefurnishings, weighted by average annual quantities bought by wage earners and clerical workers as reported in 1934-36 survey. Data are for last month of quarter. 3/ 4 tobacco products from 1 pound of leaf tobacco (farm-sales weight), weighted by leaf equivalent of tax-paid withdrawals. Preliminary data for the fiscal year beginning July 1957. 4/ Seasonally adjusted annual rates, calculated from Dept. of Commerce data. Revised; see p. 9. 5/ Dept. of Labor. 6/ Weighted composite earnings in food processing, wholesale trade, retail food stores, calculated from data of Dept. of Labor. 7/ Seasonally adjusted, Dept. of Commerce. Annual data for 1957 are on an average monthly basis. 8/ Seasonally adjusted, Board of Governors of Federal Reserve System. 9/ Converted from 1910-14 base.



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THE MARKETING AND TRANSPORTATION SITUATION  
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Approved by the Outlook and Situation Board July 23, 1958

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FARM-RETAIL SPREADS FOR FARM FOOD PRODUCTS

Highlights

The total retail cost of a "market basket" of farm-produced foods was 8 percent higher in the second quarter this year than in the same period of 1957. Farmers received about three-fifths of this increase in the form of higher prices and marketing firms received the remaining two-fifths. Much of the increase in retail and farm prices came in the early months of this year.

Charges for marketing farm food products averaged 5 percent higher in the second quarter than in April-June 1957. Many operating costs of food marketing firms increased during the year as wages, freight rates, and prices of many items marketing firms buy rose.

Increases in meat prices during the 12 months just ended accounted for about half of the rise in the total retail cost of the market basket. Prices farmers received for meat animals in the second quarter averaged about one-fourth higher than a year earlier and marketing charges were up 5 percent. Farmers marketed a smaller volume of meat animals in the second quarter this year than in the same months of 1957.

Prices of fresh vegetables and citrus fruits generally were higher in the spring quarter than in the same period last year, mainly because of unfavorable weather during the growing season.

Retail prices of frozen concentrated orange juice and prices growers received for oranges used for this product rose rapidly during the first half of this year. Charges for marketing the product also rose. Compared with a year earlier, the retail price in the second quarter this year was up 47 percent; prices received by growers for oranges were 32 percent higher and marketing charges were up 55 percent.

### Retail Cost Continues to Rise

The retail cost of the "market basket" of farm-produced food products in the second quarter of this year surpassed the record established in the preceding 3 months. <sup>1/</sup> At an annual rate of \$1,083, it was more than \$80 higher than in the second quarter of 1957. (See table on inside of front cover.) Most of the rise of the past years came in the first 4 months of 1958 (table 1). The second quarter average was \$27 higher than for the first quarter this year and \$68 higher than for the final quarter last year. Retail costs of all product groups except fats and oils were higher in the quarter just ended than a year earlier; all except dairy products and poultry and eggs averaged higher than in the first quarter this year (table 22, p. 52). The meat products group accounted for about half the increase from the year before. Citrus fruits, fresh vegetables, and meat products caused most of the rise between the first and second quarters of this year.

### Farm Value Up 12 Percent From Second Quarter Last Year

The farm value of the market basket of farm foods rose from an annual rate of \$396 in April-June 1957 to this year's second quarter level of \$444, the highest quarterly average since July-September 1953. <sup>2/</sup> Much of this \$48 increase, like the rise in the retail cost, was in the early months of this year. The average for the second quarter this year was \$8 higher than for the preceding quarter. Farm values of the meat products, poultry and eggs, and fruits and vegetables groups were higher in the second quarter this year than a year earlier (table 22, p. 52). Meat products and fresh fruits accounted for most of the gain in the total farm value of the market basket from the first to the second quarters this year.

### Marketing Charges Rise

With an increase of more than \$80 in the retail cost of the market basket and a rise of \$48 in the farm value, the spread between the retail cost and farm value widened by \$32, from \$606 in the second quarter of 1957 to \$638 in the like period this year (table 23, p. 53). <sup>3/</sup> Marketing charges were higher for all product groups, but fruits and vegetables accounted for about two-fifths of the rise in the market basket total.

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<sup>1/</sup> The "market basket" contains the average quantities of farm-produced food products purchased for consumption at home per urban wage-earner and clerical-worker family in 1952. Additional information concerning the contents of the market basket and methods of estimating market-basket data are given in "Farm-Retail Spreads for Food Products," U. S. Dept. Agr., Misc. Pub. 741, 1957. The retail cost of all foods bought per family is more than the retail cost of the "market basket" of farm foods, which does not include imported foods, fishery products and other foods of nonfarm origin, or costs of meals purchased in public eating places.

<sup>2/</sup> The farm value is the payment farmers received for the farm products equivalent to the foods in the market basket.

<sup>3/</sup> The farm-retail spread or marketing margin is an estimate of the charges made by marketing agencies for assembling, processing, transporting, and distributing the products in the market basket.



Table 1.- The farm food market basket: Retail cost, farm value, farm-retail spread, and farmer's share of retail cost, 1947-58 <sup>1/</sup>

| Year and month           | Retail cost<br><sup>2/</sup> | Farm value<br><sup>3/</sup> | Farm-retail<br>spread | Farmer's<br>share |
|--------------------------|------------------------------|-----------------------------|-----------------------|-------------------|
|                          | Dollars                      | Dollars                     | Dollars               | Percent           |
| 1947 .....               | 911                          | 467                         | 444                   | 51                |
| 1948 .....               | 982                          | 497                         | 485                   | 51                |
| 1949 .....               | 928                          | 435                         | 493                   | 47                |
| 1947-49 average .....    | 940                          | 466                         | 474                   | 50                |
| 1950 .....               | 920                          | 432                         | 488                   | 47                |
| 1951 .....               | 1,024                        | 497                         | 527                   | 49                |
| 1952 .....               | 1,034                        | 482                         | 552                   | 47                |
| 1953 .....               | 1,003                        | 445                         | 558                   | 44                |
| 1954 .....               | 986                          | 421                         | 565                   | 43                |
| 1955 .....               | 969                          | 395                         | 574                   | 41                |
| 1956 .....               | 972                          | 390                         | 582                   | 40                |
| 1957 <sup>4/</sup> ..... | 1,007                        | 402                         | 605                   | 40                |
| 1957 <sup>4/</sup>       |                              |                             |                       |                   |
| Jan. ....                | 978                          | 390                         | 588                   | 40                |
| Feb. ....                | 987                          | 383                         | 604                   | 39                |
| Mar. ....                | 981                          | 388                         | 593                   | 40                |
| Apr. ....                | 992                          | 395                         | 597                   | 40                |
| May ....                 | 1,000                        | 393                         | 607                   | 39                |
| June ....                | 1,014                        | 402                         | 612                   | 40                |
| July ....                | 1,029                        | 412                         | 617                   | 40                |
| Aug. ....                | 1,036                        | 421                         | 615                   | 41                |
| Sept. ....               | 1,026                        | 412                         | 614                   | 40                |
| Oct. ....                | 1,017                        | 402                         | 615                   | 40                |
| Nov. ....                | 1,012                        | 408                         | 604                   | 40                |
| Dec. ....                | 1,016                        | 413                         | 603                   | 41                |
| 1958 <sup>4/</sup>       |                              |                             |                       |                   |
| Jan. ....                | 1,042                        | 422                         | 620                   | 40                |
| Feb. ....                | 1,049                        | 430                         | 619                   | 41                |
| Mar. ....                | 1,075                        | 456                         | 619                   | 42                |
| Apr. ....                | 1,085                        | 452                         | 633                   | 42                |
| May ....                 | 1,085                        | 447                         | 638                   | 41                |

<sup>1/</sup> The farmer's share and index numbers of the retail cost, farm value, and farm-retail spread for the years 1913-56 are published in "Farm-Retail Spreads for Food Products," U. S. Dept. of Agr. Misc. Pub. 741, 1957.

<sup>2/</sup> Retail cost of average quantities of farm foods purchased per urban wage-earner and clerical-worker family in 1952, calculated from retail prices collected by the Bur. of Labor Statistics.

<sup>3/</sup> Payment to farmers for equivalent quantities of farm produce minus imputed value of byproducts obtain in processing.

<sup>4/</sup> Data for 1957 and 1958 have been revised slightly.

: Current data are given in the Statistical Summary, :  
: a monthly publication of the Agricultural Marketing Service.: :

The farm-retail spread increased about \$19 from the first to the second quarters this year. Fresh fruits and vegetables were responsible for about two-thirds of this increase, but spreads for all other product groups widened slightly.

Except for a small dip in the final quarter last year, marketing charges have risen each quarter since the end of 1955.

Costs of performing marketing functions probably were higher in the second quarter of 1958 than a year earlier. Average hourly earnings of food marketing employees were about 5 percent higher. Freight rates of railroads and probably those of many truck lines were up. Prices of machinery and equipment, motor vehicles, metal and glass containers, and some other things purchased by marketing firms have risen since the second quarter of 1957. Prices of a few items, however, have declined.

#### The Farmer's Share

Farmers received 41 cents of the dollar consumers spent for farm foods in April-June, the same share as in the first quarter and 1 cent more than in the second quarter of 1957. <sup>4/</sup> The quarterly average farmer's share has varied from 39 to 52 cents since January 1, 1947.

#### Big Increases For Fruits and Vegetables

The retail cost of the fruits and vegetables group rose from \$227 in April-June 1957 to \$251 in the same period this year (tables 22 and 23, pp. 52-53). This increase was distributed about equally between the farm value and the farm-retail spread. Thus, the retail cost rose about twice as much as the farm value. Much of the increase in the retail cost and farm value came in the first half of this year and reflected reduced supplies caused by unfavorable weather.

Retail prices of potatoes in the second quarter this year averaged 76.3 cents per 10 pounds, 18.9 cents more than in the same period of 1957. The farm value had increased 11.5 cents and the spread, 7.4 cents. Potatoes accounted for a larger part of the retail cost of the fruits and vegetables group than any other single item.

An increase of 48 percent for frozen concentrated orange juice was the largest year-to-year increase in the retail prices of the fruits and vegetables. The retail price of this product rose to 26.7 cents <sup>5/</sup> per 6-ounce can in the second quarter this year, 8.6 cents higher than in the April-June 1957 level. The farm value increased 2.0 cents and the spread 6.6 cents. The pack of Florida frozen concentrated orange juice for the season just ended was about a fifth smaller than for the 1956-57 season, and on June 21, 1958, processors' stocks were about a fourth smaller than on June 22, 1957.

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<sup>4/</sup> Estimates of the division of retail cost between farmers and marketing agencies are based on concurrent prices at the farm and retail levels, except for processed fruits and vegetables and sugar. During a period of rising prices, the farmer's share calculated on this basis is somewhat larger than the share derived by comparing prices received by farmers for particular lots of products with prices paid by consumers for the same lots after they have moved through the marketing system. The reverse is true in periods of declining prices.

<sup>5/</sup> This is an average of prices collected by Bureau of Labor Statistics, mostly of nationally advertised brands.



The retail price of fresh oranges rose to 76.4 cents per dozen in the second quarter, 21.5 cents higher than a year earlier. About three-fourths of this increase was received by growers and one-fourth by marketing agencies.

Prices of Meat and Meat Animals Up Sharply,  
Higher Marketing Charges for Beef

Marketings of cattle and hogs in the second quarter this year continued smaller than a year earlier. These decreases were reflected in higher prices at both farm and retail levels.

The average retail price of Choice grade beef rose to 82.9 cents per pound in the second quarter, 13.2 cents more than in the same period of 1957 (table 22, p. 52). Farmers received 10 cents of this increase and marketing agencies 3.2 cents. This 12 percent increase in the marketing spread was in the wholesale-retail segment; the live-wholesale segment declined (table 2).

At 65.6 cents per pound, the retail price of pork in the quarter just ended was 6.2 cents higher than a year earlier. The farm value increased by the same amount, so the spread was unchanged.

The farm value of pork increased 3.5 cents from the first to the second quarter this year, while the retail price increased 2.5 cents, causing a decrease of 1.0 cent in the spread. Both the live-wholesale and wholesale-retail segments of the spread decreased (table 3). Apparently a scarce supply of hogs caused packers to bid up prices paid to producers faster than retail prices were raised.

Dairy Products Prices Lower

The farm value of the dairy products in the market basket declined 6 percent from an annual rate of more than \$89 in January-March 1958 to less than \$84 in the quarter just ended. About four-fifths of this decrease was reflected in lower retail prices and one-fifth was absorbed by increased marketing charges, which rose 1 percent. The retail cost and farm value were affected by the seasonal expansion in the supply of milk and by reductions on April 1, 1958, in the Federal Government's support prices for manufacturing milk and butterfat to 75 percent of the parity level. To support these prices, the Commodity Credit Corporation offers to buy butter, Cheddar cheese, and nonfat dry milk at prices that will result in the national annual average prices for manufacturing milk and butterfat equaling the support prices.

The farm value of the dairy products group was 2 percent smaller in the second quarter this year than in the like period of 1957. The retail cost, however, was up 2 percent, and the spread had widened by 5 percent.

Butter.- On April 1, the CCC reduced its buying price for butter by 1.75 cents per pound. The farm value averaged 50.4 cents per pound in the second quarter this year, 1.3 cents less than in the preceding quarter (tables 22 and 23, pp. 52-53). The retail price dropped by the same amount as the farm value so the spread was unchanged.

Table 2.- Beef (Choice grade): Live-wholesale and wholesale-retail spreads, by quarters, 1957-58 <sup>1/</sup>

| Quarter         | Live-wholesale<br>(per 100 pounds live weight) |                 |            |         |         | Wholesale-retail<br>(per 100 pounds carcass weight) |                    |         |  |
|-----------------|--|-----------------|------------|---------|---------|---|--------------------|---------|--|
|                 | Price of<br>steers 2/                          | Wholesale value |            |         | Spread  | Wholesale<br>price 4/                               | Retail<br>value 5/ | Spread  |  |
|                 |  | Carcass 3/      | Byproducts | Total   |         |   |                    |         |  |
|                 |  |                 |            |         |         |   |                    |         |  |
|                 | Dollars  | Dollars         | Dollars    | Dollars | Dollars | Dollars   | Dollars            | Dollars |  |
| 1957            |  |                 |            |         |         |   |                    |         |  |
| Jan.-Mar. ....  | 20.84  | 21.48           | 1.92       | 23.40   | 2.56    | 36.40   | 53.12              | 16.72   |  |
| Apr.-June ....  | 22.85  | 23.39           | 2.15       | 25.54   | 2.69    | 39.65   | 55.76              | 16.11   |  |
| July-Sept. .... | 24.30  | 25.15           | 2.30       | 27.45   | 3.15    | 42.62   | 58.56              | 15.94   |  |
| Oct.-Dec. ....  | 24.27  | 24.68           | 2.06       | 26.74   | 2.47    | 41.83   | 58.48              | 16.65   |  |
| Average ...     | 23.06  | 23.68           | 2.11       | 25.79   | 2.73    | 40.12   | 56.48              | 16.36   |  |
| 1958            |  |                 |            |         |         |   |                    |         |  |
| Jan.-Mar. ....  | 6/27.09  | 27.36           | 2.17       | 29.53   | 2.44    | 46.37   | 6/63.04            | 6/16.67 |  |
| Apr.-June 7/    | 28.46  | 27.98           | 2.40       | 30.38   | 1.92    | 47.43   | 66.32              | 18.89   |  |

<sup>1/</sup> Quarterly data for 1949-55 are published in "Beef Marketing Margins and Costs," U. S. Dept. Agr. Misc. Pub. 710, Feb. 1956, tables 1 and 3.

<sup>2/</sup> Weighted average of price at 21 leading public stockyards.

<sup>3/</sup> Wholesale carcass value is 59 percent of average wholesale price of 100 pounds of Choice grade carcass beef.

<sup>4/</sup> Weighted average of prices of Choice grade carcass beef in New York, Chicago, Los Angeles, San Francisco, and Seattle.

<sup>5/</sup> Calculated from average retail prices of beef cuts in urban areas, published by Bur. of Labor Statistics. The retail value per 100 pounds carcass weight is 80 percent of average retail cost of 100 pounds of retail cuts, because about 20 pounds of a 100-pound carcass is fat, bone, and trim which is sold by retailers at nominal prices.

<sup>6/</sup> Revised.

<sup>7/</sup> Preliminary.

Table 3.- Pork: Live-wholesale and wholesale-retail spreads by quarters, 1957-58 <sup>1/</sup>

| Quarter                   | Live-wholesale<br>(per 100 pounds live weight) |                  |         | Wholesale-retail<br>(per 100 pounds major cuts) |                  |         |
|---------------------------|--|------------------|---------|---|------------------|---------|
|                           | Price of                                       | Wholesale        | Spread  | Wholesale                                       | Retail           | Spread  |
|                           | hogs <u>2</u> /                                | value <u>3</u> / |         | value <u>4</u> /                                | value <u>5</u> / |         |
|                           | Dollars  | Dollars          | Dollars | Dollars   | Dollars          | Dollars |
| 1957                      |  |                  |         |   |                  |         |
| Jan.-Mar. ....:           | 17.76  | 23.45            | 5.69    | 6/42.70   | 56.57            | 13.87   |
| Apr.-June ....:           | 19.09  | 24.35            | 5.26    | 6/45.20   | 59.21            | 14.01   |
| July-Sept. ....:          | 20.77  | 26.49            | 5.72    | 6/49.16   | 65.16            | 16.00   |
| Oct.-Dec. ....:           | 18.08  | 23.73            | 5.65    | 6/43.56   | 58.92            | 15.36   |
| Average .....             | 18.92  | 24.50            | 5.58    | 6/45.16   | 59.96            | 14.80   |
| 1958                      |  |                  |         |   |                  |         |
| Jan.-Mar. ....:           | 20.59  | 26.19            | 5.60    | 48.66   | 6/62.85          | 6/14.19 |
| Apr.-June <u>7</u> / ...: | 22.65  | 28.11            | 5.46    | 51.90   | 65.52            | 13.62   |

<sup>1/</sup> Quarterly data for 1949-55 are published in "Pork Marketing Margins and Costs," U. S. Dept. Agr. Misc. Pub. 711, Apr. 1956, tables 1 and 2.

<sup>2/</sup> Average price of 200-220 pound barrows and gilts, Chicago.

<sup>3/</sup> Wholesale value at Chicago of 71 pounds of pork and lard obtained from 100 pounds of live hog.

<sup>4/</sup> Wholesale value of 100 pounds of major pork cuts at Chicago computed from Livestock Market News and National Provisioner price quotations of individual cuts.

<sup>5/</sup> Calculated from average retail prices of major pork cuts in urban areas, published by Bur. of Labor Statistics.

<sup>6/</sup> Revised.

<sup>7/</sup> Preliminary.



Cheese, American Process.- The retail price of American process cheese in the second quarter was 0.1 cent below the January-March 1958 level, and the farm value was down 1.6 cents. Thus, the spread widened by 1.5 cents, or 5 percent. The CCC on April 1 cut by 2.25 cents per pound its price for natural Cheddar cheese, which is the raw material for American process cheese.

Fluid Milk.- The retail price of fluid milk had about the average seasonal decline from the first to the second quarter this year. But the farm value declined by more than the usual percentage. The retail price decreased 0.8 cent and the farm value 0.9 cent, so the spread scarcely changed.

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:                   REVISED INCOME AND EXPENDITURES DATA                   :  
:  
:  
: The National Income Division of the Department of Commerce           :  
: recently revised its estimates of consumer incomes and expendi-       :  
: tures to incorporate the 1954 benchmark data. The revised               :  
: estimates show expenditures for food in recent years to have been       :  
: a smaller proportion of disposable personal income than did           :  
: earlier estimates. The per capita income and expenditures data           :  
: published in the "Statistical Summary" table inside the front           :  
: cover have been calculated from these revised estimates. Data for:  
: other years will be published in an early issue of this Situation.:  
:

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THE FOOD MARKETING BILL 1/

:  
: The bill for marketing food products increased 4 percent from :  
: 1956 to 1957. Most of this increase resulted from a rise in unit :  
: marketing charges, which reflected advances in wage rates, trans- :  
: portation rates, and prices of equipment, supplies, and other :  
: things marketing firms buy. The volume of products marketed in- :  
: creased little. :  
:

The bill for marketing farm-produced food products sold to civilian consumers in this country advanced to a new high last year, as it has each year since 1938 (table 4). At 30.9 billion dollars in 1957, it was 4 percent higher than in 1956. 2/ Most of this increase resulted from a rise in marketing charges per unit of product marketed; the volume of products handled was only a little larger in 1957 than in the previous year. The marketing bill and unit marketing charges for each major group of farm products except poultry and eggs were higher in 1957 than in 1956. The volume of meat products marketed was 4 percent smaller in 1957 than in 1956; the volume of poultry and eggs was 6 percent larger, but volumes of other product groups were about the same in both years.

The farm value of these products -- the payment farmers received -- was 19.5 billion dollars in 1957, 4 percent more than in 1956. Increased receipts from meat animals accounted for most of the rise. The dairy products group also was slightly higher than in 1956.

The retail cost of the products was 50.4 billion dollars in 1957. Like the marketing bill and farm value, it totaled 4 percent more in 1957 than in 1956.

Marketing charges amounted to 61 percent of the retail cost of these foods in 1957, the same proportion as in 1956. During 1947-49 the marketing bill averaged about 52 percent of the total retail cost.

1/ A more extensive discussion of the marketing bill and its components was published in the July 1957 issue of this Situation (MTS-126).

2/ This marketing bill is the difference between the retail cost of domestic farm food products, valued in terms of retail-store prices, and the farm value or payments received by farmers for the equivalent farm products. It is an estimate of the total charges for local assembly, processing, wholesaling, and retailing. Food sold in the form of meals in restaurants and other eating places is valued at what it would have cost in retail stores. These estimates do not include the value of food products not produced on farms in this country, or of those consumed in households of farms where they are produced, or of those not sold to civilian consumers in this country.



Table 4.- Marketing bill for farm food products purchased by domestic civilian consumers, retail cost and farm value, all farm foods and five major commodity groups, annual 1913-57 <sup>1/</sup>

| Year                     | All farm foods <sup>2/</sup> |              |              | Meat products            |              |              | Dairy products           |              |              | Poultry and eggs         |              |              | Bakery and cereal products |              |              | Fruits and vegetables    |              |              |
|--------------------------|------------------------------|--------------|--------------|--------------------------|--------------|--------------|--------------------------|--------------|--------------|--------------------------|--------------|--------------|----------------------------|--------------|--------------|--------------------------|--------------|--------------|
|                          | Farm value                   | Re-tail cost | Mar-ing bill | Farm value <sup>3/</sup> | Re-tail cost | Mar-ing bill | Farm value <sup>3/</sup> | Re-tail cost | Mar-ing bill | Farm value <sup>3/</sup> | Re-tail cost | Mar-ing bill | Farm value <sup>3/</sup>   | Re-tail cost | Mar-ing bill | Farm value <sup>3/</sup> | Re-tail cost | Mar-ing bill |
|                          | Bil. dol.                    | Bil. dol.    | Bil. dol.    | Bil. dol.                | Bil. dol.    | Bil. dol.    | Bil. dol.                | Bil. dol.    | Bil. dol.    | Bil. dol.                | Bil. dol.    | Bil. dol.    | Bil. dol.                  | Bil. dol.    | Bil. dol.    | Bil. dol.                | Bil. dol.    | Bil. dol.    |
| 1913 .....               | 3.53                         | 7.41         | 3.88         | 1.35                     | 2.26         | 0.91         | 0.62                     | 1.23         | 0.61         | 0.45                     | 0.66         | 0.21         | 0.44                       | 1.42         | 0.98         | 0.55                     | 1.44         | 0.89         |
| 1914 .....               | 3.64                         | 7.91         | 4.27         | 1.35                     | 2.26         | .91          | .64                      | 1.28         | .64          | .47                      | .67          | .20          | .49                        | 1.62         | 1.13         | .58                      | 1.69         | 1.11         |
| 1915 .....               | 3.63                         | 7.99         | 4.36         | 1.21                     | 2.16         | .95          | .66                      | 1.33         | .67          | .48                      | .68          | .20          | .59                        | 1.74         | 1.15         | .56                      | 1.61         | 1.05         |
| 1916 .....               | 4.35                         | 9.47         | 5.12         | 1.50                     | 2.49         | .99          | .74                      | 1.44         | .70          | .53                      | .75          | .22          | .68                        | 1.99         | 1.31         | .71                      | 2.17         | 1.46         |
| 1917 .....               | 6.05                         | 12.40        | 6.35         | 2.03                     | 3.03         | 1.00         | .94                      | 1.68         | .74          | .68                      | .94          | .26          | 1.15                       | 2.78         | 1.63         | .97                      | 3.10         | 2.13         |
| 1918 .....               | 6.87                         | 13.19        | 6.32         | 2.51                     | 3.96         | 1.45         | 1.09                     | 1.88         | .79          | .83                      | 1.19         | .36          | 1.05                       | 2.45         | 1.40         | 1.04                     | 2.72         | 1.68         |
| 1919 .....               | 7.55                         | 15.22        | 7.67         | 2.50                     | 4.14         | 1.64         | 1.34                     | 2.38         | 1.04         | 1.03                     | 1.45         | .42          | 1.21                       | 2.90         | 1.69         | 1.13                     | 3.33         | 2.20         |
| 1920 .....               | 7.36                         | 16.52        | 9.16         | 2.15                     | 4.12         | 1.97         | 1.40                     | 2.53         | 1.13         | 1.10                     | 1.58         | .48          | 1.17                       | 3.16         | 1.99         | 1.30                     | 4.21         | 2.91         |
| 1921 .....               | 5.05                         | 12.57        | 7.52         | 1.40                     | 3.45         | 2.05         | 1.15                     | 2.34         | 1.19         | .77                      | 1.16         | .39          | .62                        | 2.42         | 1.80         | .95                      | 2.64         | 1.69         |
| 1922 .....               | 5.19                         | 12.88        | 7.69         | 1.56                     | 3.49         | 1.93         | 1.14                     | 2.31         | 1.17         | .75                      | 1.12         | .37          | .59                        | 2.36         | 1.77         | .99                      | 2.97         | 1.98         |
| 1923 .....               | 5.62                         | 14.00        | 8.38         | 1.58                     | 3.77         | 2.19         | 1.39                     | 2.65         | 1.26         | .83                      | 1.24         | .41          | .59                        | 2.43         | 1.84         | 1.03                     | 3.15         | 2.12         |
| 1924 .....               | 5.87                         | 14.51        | 8.64         | 1.73                     | 4.07         | 2.34         | 1.34                     | 2.59         | 1.25         | .86                      | 1.31         | .45          | .67                        | 2.52         | 1.85         | 1.06                     | 3.31         | 2.25         |
| 1925 .....               | 6.77                         | 15.73        | 8.96         | 2.10                     | 4.28         | 2.18         | 1.47                     | 2.83         | 1.36         | .96                      | 1.41         | .45          | .87                        | 2.81         | 1.94         | 1.15                     | 3.60         | 2.45         |
| 1926 .....               | 6.97                         | 16.38        | 9.43         | 2.18                     | 4.35         | 2.17         | 1.53                     | 2.93         | 1.40         | 1.03                     | 1.49         | .46          | .80                        | 2.87         | 2.07         | 1.22                     | 3.96         | 2.74         |
| 1927 .....               | 6.72                         | 16.23        | 9.51         | 2.04                     | 4.25         | 2.21         | 1.62                     | 3.09         | 1.47         | .96                      | 1.40         | .44          | .74                        | 2.90         | 2.16         | 1.14                     | 3.75         | 2.61         |
| 1928 .....               | 6.94                         | 16.27        | 9.33         | 2.11                     | 4.28         | 2.17         | 1.69                     | 3.19         | 1.50         | 1.05                     | 1.53         | .48          | .74                        | 2.98         | 2.24         | 1.13                     | 3.47         | 2.34         |
| 1929 .....               | 7.22                         | 17.08        | 9.86         | 2.23                     | 4.45         | 2.22         | 1.76                     | 3.33         | 1.57         | 1.12                     | 1.70         | .58          | .68                        | 2.86         | 2.18         | 1.21                     | 3.89         | 2.68         |
| 1930 .....               | 6.33                         | 16.15        | 9.82         | 1.94                     | 4.25         | 2.31         | 1.57                     | 3.13         | 1.56         | .93                      | 1.51         | .58          | .56                        | 2.78         | 2.22         | 1.13                     | 3.68         | 2.55         |
| 1931 .....               | 4.66                         | 13.06        | 8.40         | 1.37                     | 3.58         | 2.21         | 1.25                     | 2.66         | 1.41         | .71                      | 1.20         | .49          | .35                        | 2.24         | 1.89         | .86                      | 2.84         | 1.98         |
| 1932 .....               | 3.40                         | 10.61        | 7.21         | .91                      | 2.67         | 1.76         | .97                      | 2.21         | 1.24         | .54                      | .88          | .34          | .26                        | 1.91         | 1.65         | .61                      | 2.29         | 1.68         |
| 1933 .....               | 3.56                         | 10.93        | 7.30         | .92                      | 2.61         | 1.68         | .96                      | 2.17         | 1.21         | .48                      | .80          | .32          | .34                        | 2.00         | 1.60         | .73                      | 2.59         | 1.86         |
| 1934 .....               | 4.27                         | 12.52        | 7.92         | 1.13                     | 3.26         | 1.90         | 1.12                     | 2.36         | 1.24         | .58                      | .98          | .40          | .47                        | 2.38         | 1.81         | .80                      | 2.83         | 2.03         |
| 1935 .....               | 5.02                         | 12.94        | 7.58         | 1.49                     | 3.39         | 1.70         | 1.29                     | 2.58         | 1.29         | .75                      | 1.09         | .34          | .52                        | 2.41         | 1.75         | .79                      | 2.81         | 2.02         |
| 1936 .....               | 5.78                         | 14.29        | 8.51         | 1.79                     | 3.79         | 2.00         | 1.42                     | 2.81         | 1.39         | .77                      | 1.16         | .39          | .58                        | 2.51         | 1.93         | 1.00                     | 3.22         | 2.22         |
| 1937 .....               | 5.98                         | 14.18        | 8.20         | 1.90                     | 3.95         | 2.05         | 1.49                     | 2.90         | 1.41         | .81                      | 1.24         | .43          | .61                        | 2.53         | 1.92         | .95                      | 2.76         | 1.81         |
| 1938 .....               | 5.20                         | 13.39        | 8.18         | 1.71                     | 3.57         | 1.86         | 1.32                     | 2.72         | 1.40         | .77                      | 1.16         | .39          | .41                        | 2.42         | 2.01         | .78                      | 2.56         | 1.78         |
| 1939 .....               | 5.17                         | 13.37        | 8.19         | 1.69                     | 3.54         | 1.85         | 1.32                     | 2.76         | 1.44         | .72                      | 1.10         | .38          | .39                        | 2.26         | 1.87         | .86                      | 2.79         | 1.93         |
| 1940 .....               | 5.6                          | 14.1         | 8.5          | 1.8                      | 3.7          | 1.9          | 1.5                      | 3.0          | 1.5          | .8                       | 1.2          | .4           | .4                         | 2.3          | 1.9          | .9                       | 2.9          | 2.0          |
| 1941 .....               | 7.1                          | 16.3         | 9.2          | 2.5                      | 4.3          | 1.8          | 1.7                      | 3.4          | 1.7          | 1.0                      | 1.4          | .4           | .5                         | 2.5          | 2.0          | 1.1                      | 3.3          | 2.2          |
| 1942 .....               | 9.3                          | 19.8         | 10.5         | 3.2                      | 4.9          | 1.7          | 2.1                      | 4.1          | 2.0          | 1.4                      | 2.0          | .6           | .7                         | 2.9          | 2.2          | 1.5                      | 4.1          | 2.6          |
| 1943 .....               | 11.4                         | 22.3         | 11.1         | 3.6                      | 5.2          | 1.8          | 2.3                      | 4.3          | 2.0          | 2.0                      | 2.7          | .7           | .9                         | 3.3          | 2.4          | 2.1                      | 5.0          | 2.4          |
| 1944 .....               | 11.6                         | 22.5         | 11.4         | 3.7                      | 5.3          | 1.9          | 2.5                      | 4.5          | 2.0          | 1.8                      | 2.5          | .7           | .9                         | 3.1          | 2.3          | 2.3                      | 5.3          | 3.1          |
| 1945 .....               | 12.6                         | 24.4         | 12.5         | 3.7                      | 5.0          | 1.7          | 2.6                      | 4.8          | 2.2          | 2.3                      | 3.1          | .8           | 1.0                        | 3.5          | 2.6          | 2.5                      | 6.4          | 4.0          |
| 1946 .....               | 15.7                         | 30.8         | 15.6         | 5.2                      | 7.3          | 2.4          | 3.5                      | 6.3          | 2.8          | 2.4                      | 3.4          | 1.0          | 1.3                        | 4.2          | 3.0          | 2.6                      | 7.2          | 4.7          |
| 1947 .....               | 18.7                         | 36.5         | 17.8         | 7.4                      | 11.0         | 3.6          | 3.7                      | 6.6          | 2.9          | 2.6                      | 3.8          | 1.2          | 1.5                        | 4.8          | 3.3          | 2.6                      | 7.5          | 4.9          |
| 1948 .....               | 19.2                         | 39.0         | 19.8         | 7.6                      | 11.6         | 4.0          | 4.1                      | 7.4          | 3.3          | 3.0                      | 4.3          | 1.3          | 1.4                        | 5.3          | 3.9          | 2.4                      | 7.6          | 5.2          |
| 1949 .....               | 17.1                         | 37.9         | 20.8         | 6.7                      | 10.8         | 4.1          | 3.5                      | 6.8          | 3.3          | 2.8                      | 4.1          | 1.3          | 1.2                        | 5.5          | 4.3          | 2.3                      | 7.9          | 5.6          |
| 1950 .....               | 17.7                         | 38.9         | 21.2         | 7.4                      | 11.5         | 4.1          | 3.5                      | 6.9          | 3.4          | 2.5                      | 3.9          | 1.4          | 1.3                        | 5.5          | 4.2          | 2.3                      | 8.0          | 5.7          |
| 1951 .....               | 20.2                         | 43.0         | 22.8         | 8.1                      | 12.4         | 4.3          | 4.0                      | 7.7          | 3.7          | 3.3                      | 4.8          | 1.5          | 1.4                        | 6.1          | 4.7          | 2.6                      | 8.7          | 6.1          |
| 1952 .....               | 20.1                         | 44.5         | 24.4         | 7.7                      | 12.5         | 4.8          | 4.3                      | 8.2          | 3.9          | 3.1                      | 4.6          | 1.5          | 1.4                        | 6.2          | 4.8          | 2.9                      | 9.6          | 6.7          |
| 1953 .....               | 19.0                         | 44.6         | 25.6         | 7.2                      | 12.3         | 5.1          | 3.9                      | 8.0          | 4.1          | 3.3                      | 4.8          | 1.5          | 1.4                        | 6.3          | 4.9          | 2.5                      | 9.5          | 7.0          |
| 1954 .....               | 18.3                         | 44.9         | 26.6         | 7.2                      | 12.5         | 5.3          | 3.7                      | 8.1          | 4.4          | 2.7                      | 4.3          | 1.6          | 1.4                        | 6.5          | 5.1          | 2.6                      | 9.8          | 7.2          |
| 1955 .....               | 18.3                         | 46.2         | 27.9         | 6.7                      | 12.7         | 6.0          | 3.9                      | 8.5          | 4.6          | 2.9                      | 4.5          | 1.6          | 1.3                        | 6.6          | 5.3          | 2.6                      | 10.1         | 7.5          |
| 1956 .....               | 18.7                         | 48.3         | 29.6         | 6.6                      | 12.8         | 6.2          | 4.1                      | 8.9          | 4.8          | 2.9                      | 4.7          | 1.8          | 1.3                        | 6.7          | 5.4          | 2.8                      | 10.8         | 8.0          |
| 1957 <sup>4/</sup> ..... | 19.5                         | 50.4         | 30.9         | 7.6                      | 14.1         | 6.5          | 4.3                      | 9.4          | 5.1          | 2.8                      | 4.6          | 1.8          | 1.3                        | 6.9          | 5.6          | 2.6                      | 10.8         | 8.2          |

<sup>1/</sup> The retail-cost estimates represent the cost at retail-store prices of all domestic farm foods that were both sold by farmers and bought by civilian consumers in this country. Farm food products sold in the form of meals are included but are valued at what the food would have cost in retail stores. Farm value is adjusted to eliminate imputed value of nonfood by-products. The marketing bill, or total marketing margin, is equal to the difference between the farm value and retail cost except for the years 1933-35 and 1943-46 in which the marketing bill for some groups is adjusted for processor taxes or Government payments to processors.

<sup>2/</sup> Includes vegetable-oil products, sugar, and other miscellaneous food products in addition to the five commodity groups given in this table.

<sup>3/</sup> The estimated farm values of milk, eggs, fruits, lard, and vegetable shortening used in bakery products were deducted from the farm values of other commodity groups and added to the farm value of the bakery and cereal products group.

<sup>4/</sup> Preliminary estimates.

## The Components of the Marketing Bill

### Labor

The direct cost of labor (not including employees of railroads and of other for-hire carriers) amounted to 14.2 billion dollars in 1957 compared with 13.9 billion in 1956 (table 5). <sup>3/</sup> It accounted for 46 percent of the marketing bill in 1957, 1 percentage point less than in 1956. Average hourly earnings of workers engaged in marketing farm products were about 4 percent higher in 1957 than in 1956, but the cost of labor per unit of product marketed was hardly any higher in 1957 (table 6). Apparently an increase in the average output per man-hour of labor nearly offset the increase in hourly earnings.

### Transportation Bill for Food <sup>4/</sup>

The estimated intercity rail and truck transportation charges for food, produced on farms in the United States and sold to civilians in this country, was 3.6 billion for 1956 and 3.7 billion in 1957 (table 5). Increases in both years were in large measure due to the higher rail and truck rates granted the carriers by the Interstate Commerce Commission. The 1956 increase in rail refrigeration charges helped to swell the total for that year. The figures include charges for heating and refrigeration, but exclude the 3 percent transportation tax on freight, express, etc., enacted during World War II. This tax has been repealed by the Congress, effective August 1, 1958.

The rail and truck charges alone made up approximately 12 percent of the marketing bill in the last 3 years. Estimates of the total marketing bill also include charges for transportation by water, which is quite important, and for transportation by air. The latter accounts for the movement of a very small part of the nation's food supply, but each year's air ton-miles figure is markedly greater, percentagewise, than the amount in the preceding year. Charges for these other modes of transportation are a part of the "other" or residual component of the marketing bill.

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<sup>3/</sup> Labor cost includes wages and salaries and imputed costs of labor performed by proprietors and family workers not receiving stated wages or salaries. It also includes supplements to wages and salaries, such as payments by employers to social insurance funds, private pension and welfare funds, compensation for injuries, and minor items. For a comprehensive discussion of the cost of labor in marketing farm food products, see the April 1956 issue of this Situation (MTS-121).

<sup>4/</sup> Prepared by Mildred R. DeWolfe, Transportation and Facilities Branch, Agr. Market. Serv.



Table 5.- Labor, transportation, corporate profits, and other costs for marketing farm food products, United States, 1939-57 1/

| Year                 | Labor <u>2/</u> | Rail and truck transportation | Corporate profits <u>3/</u> |                 | Other <u>4/</u> | Total marketing bill |
|----------------------|-----------------|-------------------------------|-----------------------------|-----------------|-----------------|----------------------|
|                      |                 |                               | Before taxes                | After taxes     |                 |                      |
|                      | Billion dollars | Billion dollars               | Billion dollars             | Billion dollars | Billion dollars | Billion dollars      |
| 1939 .....           | 3.7             | 1.0                           | 0.4                         | 0.3             | 3.1             | 8.2                  |
| 1940 .....           | 3.9             | 1.0                           | .4                          | .3              | 3.2             | 8.5                  |
| 1941 .....           | 4.1             | 1.2                           | .6                          | .4              | 3.3             | 9.2                  |
| 1942 .....           | 4.5             | 1.0                           | .9                          | .4              | 4.1             | 10.5                 |
| 1943 .....           | 4.6             | 1.0                           | 1.0                         | .5              | 4.5             | 11.1                 |
| 1944 .....           | 5.0             | 1.1                           | 1.0                         | .4              | 4.3             | 11.4                 |
| 1945 .....           | 5.5             | 1.3                           | 1.0                         | .5              | 4.7             | 12.5                 |
| 1946 .....           | 6.7             | 1.6                           | 1.7                         | 1.0             | 5.6             | 15.6                 |
| 1947 .....           | 7.9             | 2.0                           | 1.5                         | .9              | 6.4             | 17.8                 |
| 1948 .....           | 8.9             | 2.2                           | 1.2                         | .7              | 7.5             | 19.8                 |
| 1949 .....           | 9.4             | 2.4                           | 1.3                         | .8              | 7.7             | 20.8                 |
| 1947-49 av. :        | 8.7             | 2.2                           | 1.3                         | .8              | 7.3             | 19.5                 |
| 1950 .....           | 9.9             | 2.6                           | 1.6                         | .9              | 7.1             | 21.2                 |
| 1951 .....           | 10.6            | 2.7                           | 1.3                         | .6              | 8.2             | 22.8                 |
| 1952 .....           | 11.4            | 3.1                           | 1.4                         | .6              | 8.5             | 24.4                 |
| 1953 .....           | 12.1            | 3.3                           | 1.5                         | .7              | 8.7             | 25.6                 |
| 1954 .....           | 12.6            | 3.5                           | 1.5                         | .7              | 9.0             | 26.6                 |
| 1955 .....           | 13.0            | 3.3                           | 1.8                         | .9              | 9.8             | 27.9                 |
| 1956 .....           | 13.9            | 3.6                           | 2.0                         | 1.0             | 10.1            | 29.6                 |
| 1957 <u>5/</u> ..... | 14.2            | 3.7                           | 2.0                         | 1.0             | 11.0            | 30.9                 |

1/ Relates only to food from American farms sold to civilian consumers and not to that sold to the Armed Forces or exported.

2/ The cost of labor in restaurants and other eating places is not included but the series includes the estimated cost of additional retail-store labor that would be required to handle in retail stores the food sold in eating places. These adjustments are made because the food served in these places is valued at retail-store prices when it is included in the retail cost from which the marketing bill is derived. The cost of labor employed in intercity transportation is not included because payments made for transportation also are compared with the total marketing bill.

3/ Total corporate profits are those received by corporate establishments only and do not include those of nonincorporated firms. These profits do not include those of firms engaged in intercity transportation.

4/ Includes other costs and noncorporate profits.

5/ Preliminary.

Table 6.- Average hourly earnings and labor costs, profits before taxes, and marketing charges per unit of product for marketing food products sold to civilian consumers, United States, 1939-57 1/

| (Index numbers 1947-49 = 100) |                              |                              |   |                                     |
|-------------------------------|------------------------------|------------------------------|---|-------------------------------------|
| Year                          | Hourly earnings<br><u>2/</u> | Unit labor cost<br><u>3/</u> | Profit<br>:(before taxes):<br>per unit<br>of product<br><u>4/</u> | Unit marketing charges<br><u>5/</u> |
| 1939 .....                    | 48                           | 54                           | 38  | 59                                  |
| 1940 .....                    | 48                           | 54                           | 36  | 58                                  |
| 1941 .....                    | 52                           | 56                           | 55  | 59                                  |
| 1942 .....                    | 56                           | 58                           | 77  | 65                                  |
| 1943 .....                    | 61                           | 61                           | 92  | 69                                  |
| 1944 .....                    | 65                           | 64                           | 88  | 70                                  |
| 1945 .....                    | 70                           | 70                           | 86  | 70                                  |
| 1946 .....                    | 81                           | 78                           | 124   | 79                                  |
| 1947 .....                    | 92                           | 90                           | 108   | 95                                  |
| 1948 .....                    | 101                          | 103                          | 94  | 102                                 |
| 1949 .....                    | 107                          | 107                          | 98  | 103                                 |
| 1947-49 average :             | 100                          | 100                          | 100   | 100                                 |
| 1950 .....                    | 112                          | 108                          | 115   | 101                                 |
| 1951 .....                    | 119                          | 117                          | 96  | 109                                 |
| 1952 .....                    | 125                          | 121                          | 95  | 114                                 |
| 1953 .....                    | 132                          | 124                          | 99  | 115                                 |
| 1954 .....                    | 139                          | 125                          | 94  | 117                                 |
| 1955 .....                    | 143                          | 125                          | 111   | 119                                 |
| 1956 .....                    | 150                          | 127                          | 123   | 120                                 |
| 1957 <u>6/</u> .....          | 156                          | 128                          | 121   | 128                                 |

1/ Data relate only to domestic farm-produced foods sold to civilian consumers in this country.

2/ Hourly earnings estimated by dividing total labor cost by total man-hours for all workers, including proprietors and family workers. The total labor cost does not include cost of labor in restaurants and other eating places but includes the estimated cost of additional retail-store labor that would be required to handle in retail stores the food sold in eating places. This adjustment makes the hourly earnings and unit labor cost indexes comparable with the index of unit marketing charges.

3/ Unit labor cost is the quotient of the indexes of total labor cost and of volume of farm food products marketed to civilian consumers.

4/ Profit per unit of product is the quotient of the index of total corporate profits from marketing farm foods produced and consumed in the United States and the index of the volume of farm food products marketed. The index of farm food products marketed was constructed by weighting the quantities sold by 1947-49 average retail prices.

5/ Calculated from annual average spreads between retail cost of a constant market basket of farm food products and payments received by farmers for equivalent farm products; margin has been adjusted for subsidies to marketing firms. The farm-retail spreads are published in this Situation, table 1, p. 5.

6/ Preliminary.



## Corporate Profits

Profits of corporations engaged in local assembly, processing, wholesaling, and retailing accounted for 7 percent of the marketing bill in 1956 and 6 percent in 1957. Income taxes took about half of the 2 billion dollars represented by corporate profits (table 5). <sup>5/</sup>

Profits per unit of product marketed declined slightly last year; but were higher than for any other year except 1956 and 1946 (table 6).

Profits of leading firms.- The average ratio of profits to sales for a group of 46 leading food processing companies was lower in 1957 than in 1956 (table 7). Profits as a percentage of stockholders' equity for these and a few additional processing companies also were lower last year than in 1956. Both averages, however, were higher than in most other recent years. Profit ratios of meatpackers particularly were down from 1956 levels, but the 1957 ratios were higher than those for 1952 and 1954.

Profit ratios for eight of the leading retail food store chains were higher last year than in 1956. Their profits (after taxes) as a percentage of stockholders' equity were higher in 1957 than in any year since 1949. The five leading tobacco companies also had higher profit ratios.

## Other Costs and Noncorporate Profits

Other costs and profits of unincorporated food marketing firms, the residual component in the marketing bill, increased from 10.1 billion dollars in 1956 to 11.0 billion in 1957 (table 5). This component made up about 35 percent of the marketing bill in both years. It includes costs of fuel, electric power, containers, depreciation, intercity transportation other than by rail and truck, rents, interest on borrowed capital, taxes other than those on incomes, many other costs and the profits of unincorporated marketing firms.

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<sup>5/</sup> Sufficient data are not available to permit estimating profits of unincorporated food marketing firms for most years. For a detailed discussion of profits in marketing food products and a description of the method of estimating the profits component of the marketing bill, see "Trends in Corporate Profits in Marketing Farm Food Products," in the July 1956 issue of this Situation (MTS-122).

Table 7.- Net profits (less provision for taxes on income) as percentage of stockholders' equity and as percentage of sales, leading food and tobacco companies, 1935-57

| Year   | Food processing companies |                               |              |                   |                          |                              |                    |                             |                    |                   |
|--|---------------------------|-------------------------------|--------------|-------------------|--------------------------|------------------------------|--------------------|-----------------------------|--------------------|-------------------|
|  | 8                         | 7                             | 11           | 5                 | 10                       | 10                           | 51                 | 5                           | 8                  | 5                 |
|  | baking companies          | grain mill products companies | meat packers | canning companies | dairy products companies | miscellaneous food companies | combined companies | wholesale food distributors | retail food chains | tobacco companies |
|  | Percent                   | Percent                       | Percent      | Percent           | Percent                  | Percent                      | Percent            | Percent                     | Percent            | Percent           |
| Profits as percentage of stockholders' equity 2/ |                           |                               |              |                   |                          |                              |                    |                             |                    |                   |
| Average :  |                           |                               |              |                   |                          |                              |                    |                             |                    |                   |
| 1935-39 :  | 8.1                       | 9.7                           | 3.6          | 5.6               | 7.9                      | 9.8                          | 7.4                | —                           | 8.4                | 13.9              |
| 1940 ....  | 7.9                       | 9.8                           | 5.4          | 6.6               | 8.7                      | 9.2                          | 3/7.8              | —                           | 9.7                | 14.2              |
| 1941 ....  | 7.6                       | 9.5                           | 8.6          | 10.5              | 11.1                     | 10.8                         | 9.7                | —                           | 9.4                | 12.3              |
| 1942 ....  | 9.5                       | 8.0                           | 8.1          | 8.4               | 11.3                     | 3/8.9                        | 9.0                | —                           | 7.4                | 11.0              |
| 1943 ....  | 9.3                       | 10.2                          | 7.9          | 8.6               | 11.5                     | 3/9.2                        | 3/9.3              | —                           | 7.3                | 10.4              |
| 1944 ....  | 8.7                       | 10.3                          | 7.2          | 9.1               | 10.1                     | 3/8.3                        | 8.5                | 11.2                        | 8.2                | 9.7               |
| 1945 ....  | 10.0                      | 10.9                          | 5.2          | 10.2              | 10.0                     | 8.1                          | 8.2                | 12.7                        | 3/8.2              | 9.2               |
| 1946 ....  | 18.3                      | 13.2                          | 9.9          | 18.4              | 17.0                     | 12.6                         | 13.6               | 27.3                        | 3/18.7             | 11.4              |
| 1947 ....  | 15.6                      | 15.7                          | 11.0         | 13.4              | 13.2                     | 14.6                         | 13.4               | 18.8                        | 3/17.8             | 12.6              |
| 1948 ....  | 17.6                      | 14.6                          | 5.6          | 9.6               | 12.5                     | 13.5                         | 11.3               | 3/16.0                      | 3/16.2             | 3/14.8            |
| 1949 ....  | 16.5                      | 13.8                          | 3.9          | 3/5.8             | 14.5                     | 10.5                         | 10.0               | 12.5                        | 3/15.7             | 3/15.2            |
| 1950 ....  | 15.5                      | 13.4                          | 5.9          | 15.3              | 13.3                     | 3/12.6                       | 11.5               | 10.0                        | 3/14.0             | 3/13.5            |
| 1951 ....  | 11.7                      | 11.0                          | 5.1          | 6.8               | 3/10.3                   | 9.0                          | 8.5                | 3/9.4                       | 3/10.1             | 9.9               |
| 1952 ....  | 12.1                      | 11.0                          | 3.2          | 7.5               | 9.9                      | 9.0                          | 8.1                | 5.4                         | 3/10.0             | 9.5               |
| 1953 ....  | 12.3                      | 10.7                          | 6.6          | 6.6               | 3/11.1                   | 3/9.3                        | 9.2                | 7.1                         | 3/11.4             | 10.1              |
| 1954 ....  | 11.3                      | 12.4                          | 2.7          | 7.8               | 12.1                     | 9.9                          | 8.8                | 7.5                         | 3/11.3             | 3/10.6            |
| 1955 ....  | 11.4                      | 12.4                          | 6.5          | 10.1              | 12.0                     | 10.4                         | 10.1               | 6.7                         | 3/11.2             | 3/12.0            |
| 1956 ....  | 11.4                      | 11.7                          | 3/6.9        | 8.2               | 3/12.1                   | 3/11.1                       | 10.2               | 7.6                         | 3/13.1             | 3/12.1            |
| 1957 4/ :  | 11.8                      | 5/                            | 3.8          | 5/                | 11.7                     | 11.4                         | 9.4                | 5/                          | 14.2               | 12.8              |
| Year   | Food processing companies |                               |              |                   |                          |                              |                    |                             |                    |                   |
|  | 7                         | 4                             | 11           | 4                 | 10                       | 10                           | 46                 | 5                           | 8                  | 5                 |
|  | baking companies          | grain mill products companies | meat packers | canning companies | dairy products companies | miscellaneous food companies | combined companies | wholesale food distributors | retail food chains | tobacco companies |
|  | Percent                   | Percent                       | Percent      | Percent           | Percent                  | Percent                      | Percent            | Percent                     | Percent            | Percent           |
| Profits as percentage of sales                   |                           |                               |              |                   |                          |                              |                    |                             |                    |                   |
| Average :  |                           |                               |              |                   |                          |                              |                    |                             |                    |                   |
| 1935-39 :  | 7.1                       | 3.8                           | 0.9          | 3.1               | 3.1                      | 8.6                          | 3.0                | —                           | 1.5                | 9.1               |
| 1940 ....  | 6.3                       | 4.6                           | 1.4          | 3.5               | 3.2                      | 3/8.0                        | 3.2                | —                           | 1.5                | 8.4               |
| 1941 ....  | 5.3                       | 3.5                           | 1.7          | 3.9               | 3.4                      | 7.8                          | 3.2                | —                           | 1.2                | 6.5               |
| 1942 ....  | 4.8                       | 2.6                           | 1.2          | 3.1               | 2.9                      | 3/5.6                        | 2.4                | —                           | .9                 | 5.1               |
| 1943 ....  | 4.0                       | 2.2                           | 1.1          | 3.5               | 2.8                      | 5.0                          | 2.2                | —                           | 1.0                | 4.3               |
| 1944 ....  | 3.3                       | 2.3                           | 1.0          | 3.3               | 2.4                      | 3/5.0                        | 2.0                | .9                          | 1.0                | 4.0               |
| 1945 ....  | 3.6                       | 2.6                           | .9           | 3.8               | 2.3                      | 4.0                          | 2.0                | 1.0                         | 3/1.0              | 3.8               |
| 1946 ....  | 6.0                       | 2.8                           | 1.7          | 6.1               | 3.5                      | 6.0                          | 3.3                | 2.2                         | 3/1.8              | 4.0               |
| 1947 ....  | 4.5                       | 2.9                           | 1.2          | 5.0               | 2.6                      | 5.6                          | 2.5                | 1.8                         | 3/1.4              | 4.3               |
| 1948 ....  | 4.9                       | 3.3                           | .6           | 3.7               | 2.5                      | 3/5.5                        | 2.2                | 1.8                         | 3/1.3              | 5.0               |
| 1949 ....  | 5.0                       | 3.6                           | .5           | 2.4               | 3.3                      | 3/4.8                        | 2.1                | 1.5                         | 1.4                | 5.4               |
| 1950 ....  | 4.9                       | 3.1                           | .8           | 5.3               | 3.2                      | 5.3                          | 2.5                | 1.2                         | 3/1.3              | 5.1               |
| 1951 ....  | 3.5                       | 2.3                           | .6           | 2.5               | 2.2                      | 3/3.7                        | 1.7                | 1.1                         | .9                 | 3.8               |
| 1952 ....  | 3.5                       | 2.5                           | .4           | 2.7               | 2.1                      | 3.6                          | 1.6                | .7                          | .8                 | 3.4               |
| 1953 ....  | 3.5                       | 2.5                           | .8           | 2.3               | 2.3                      | 3.6                          | 1.9                | 1.0                         | 3/1.0              | 3.8               |
| 1954 ....  | 3.4                       | 2.9                           | .3           | 2.8               | 2.6                      | 3.8                          | 1.8                | 1.0                         | 1.0                | 4.3               |
| 1955 ....  | 3.4                       | 3.1                           | .8           | 3.6               | 2.6                      | 4.0                          | 2.2                | .9                          | 1.0                | 3/4.9             |
| 1956 ....  | 3.2                       | 2.9                           | 3/.8         | 2.9               | 2.6                      | 4.0                          | 2.2                | 1.0                         | 1.1                | 5.0               |
| 1957 4/ :  | 3.3                       | 5/                            | .5           | 5/                | 2.5                      | 4.1                          | 2.0                | 5/                          | 1.2                | 5.2               |

1/ Includes sugar and corn refining companies, processors of vegetable oils, and companies manufacturing a wide variety of packaged foods.

2/ Ratio of net profits to average of stockholders' equity at the beginning and end of the year. Stockholders' equity is excess or total balance sheet assets over liabilities.

3/ Revised.

4/ Preliminary.

5/ Not available.



MARKETING MARGINS FOR WHITE BREAD 1/

:  
: The average American eats less bread today than he did a genera- :  
: tion ago; yet bread still accounts for a larger part of the aver- :  
: age family's expenditures for food than most other individual :  
: products. During the last 10 years the retail price of a pound loaf :  
: of bread rose by more than a third. The farm value of the farm- :  
: produced ingredients declined slightly, but the spread between :  
: the farm value and the retail price widened by nearly 50 percent. :  
: Most of this increase was in the baker-wholesaler gross margin, :  
: although the retail gross margin also increased. The mill gross :  
: margin remained stable. :  
:  
: The data presented in this article are not comparable with those :  
: published in the January 1955 issue of The Marketing and Trans- :  
: portation Situation, (MTS-116), or in "Marketing Margins for :  
: Bread," Misc. Pub. 712, Mar. 1956. Minor changes have been made :  
: in the ingredient formula. Some series have been revised by :  
: adjusting them to levels given in the 1954 Census of Manufactures. :  
: Also a series of wholesale prices are presented for the first :  
: time in this article. Changes in methodology are discussed in a :  
: later section of the article. :  
:

Each year of the past decade has brought a higher retail price for white bread (fig. 1 and table 8). Between 1948 and 1957, the United States annual average retail price for a 1-pound loaf of white pan bread rose from 13.9 cents to 18.8 cents; an increase of 35 percent.

The retail price of bread increased less rapidly than the general level of wages. In 1957, one hour of factory labor could purchase 11 1-pound loaves of white bread in contrast to 9.7 loaves in 1948.

The farm-retail margin in 1957 was about 50 percent wider than the 1948 margin. 2/ It increased from 10.5 cents in 1948 to 15.6 cents last year.

During this period, the value of all farm-produced ingredients used in the baking of this bread declined slightly from 3.4 cents in 1948 to 3.2 cents in 1957. However, charges for services performed by the marketing system increased.

The wheat production and white bread marketing system is composed of five segments: (1) The farm producer, (2) transportation, handling, and storage agencies, and the processing agencies which produce the ingredients other than flour used in baking bread, (3) the miller, (4) the baker-wholesaler, and (5) the retailer. Each segment plays a part in supplying bread and each receives a payment that will ultimately be made by the consumer.

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1/ This article was prepared by Richard H. Long and V. John Brensike, Agricultural Economists, Market. Res. Div., Agr. Market. Serv.

2/ The farm-retail margin is the difference between the retail price of a 1-pound loaf of white bread and the value of all of the farm-produced ingredients used in bread.

Table 8.- White pan bread: Estimated retail and wholesale prices of a pound loaf, retailer, baker-wholesaler and miller gross margins, estimated farm value of ingredients, and farmer's share of retail price, annual 1947-57, quarterly 1957-58 <sup>1/</sup>

| Year<br>and quarter | :      | :      | :      | :      | :             | :     | :     | :     | :          | :        | :   | : | : |
|---------------------|--------|--------|--------|--------|---------------|-------|-------|-------|------------|----------|-----|---|---|
|                     | Retail | Retail | Whole- | Baker- | Cost to baker | Mill  | Mill- | Cost  | Farm value | Farmer's |     |   |   |
|                     | price  | margin | sale   | whole- | All           | sales | er's  | of    | All        | share    |     |   |   |
|                     | 2/     | 3/     | price  | saler  | in-           | value | flour | wheat | Wheat      | in-      | All |   |   |
| :                   | :      | :      | :      | :      | :             | :     | :     | :     | :          | :        | :   | : | : |
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<sup>1/</sup> The retail price, farm value, and farm-retail spread or marketing margin for the years 1919-56 were published in "Farm-Retail Spreads for Food Products," U. S. Dept. of Agr., Misc. Pub. 741, Nov. 1957, p. 117. Comparable data for the other series in the table are not available for the years before 1947.

<sup>2/</sup> Average of retail prices in urban areas reported by BLS, with adjustments for 1954 and 1955.

<sup>3/</sup> Spread between retail and wholesale prices.

<sup>4/</sup> Derived from prices published by the BLS and trade data.

<sup>5/</sup> Spread between wholesale price and cost to the baker of all ingredients.

<sup>6/</sup> Cost of flour, shortening, nonfat dry milk, sugar, and other ingredients in a pound of bread, adjusted to level of cost to baker as reported in the Census of Manufacturers.

<sup>7/</sup> Weighted average wholesale value of 0.641 lb. of several types of bread flour in 5 markets, adjusted to the level of cost to baker as reported in the Census of Manufacturers.

<sup>8/</sup> Weighted average wholesale value of 0.641 lb. of several types of bread flour in 5 markets, adjusted to mill sales level as reported in the Census of Manufacturers.

<sup>9/</sup> Spread between cost of wheat to miller and sales value of flour.

<sup>10/</sup> Weighted average wholesale value in 6 markets of 0.894 lb. of major classes and grades of wheat used for milling bread flour, adjusted to level of cost to miller as reported in the Census of Manufacturers, and further adjusted to eliminate imputed value of millfeed byproducts.

<sup>11/</sup> Payment to farmers for 0.894 lb. of wheat less imputed value of millfeed byproducts, based on average price received by farmers for all wheat.

<sup>12/</sup> Value at prices received by farmers, less byproduct allowances, for the quantity of wheat and other farm products yielding ingredients used in a pound loaf of white bread.

<sup>13/</sup> Preliminary.



### Baker-Wholesale Margin Widening

During the last decade, 4.2 cents or 86 percent of the 4.9 cents increase in the retail price of a 1-pound loaf has occurred at the baker-wholesale level. In 1957 the baker-wholesale margin accounted for 10.5 cents or 56 percent of the 18.8 cents retail price (table 8).

The baker-wholesale margin or price spread is the difference between the wholesale price of white bread paid by the retailer and the cost to the baker of all of the ingredients. In calculating this spread it was assumed that the bread moved through the baker-wholesale and retail channel -- the predominant method of distribution. <sup>3/</sup> The usual baker-wholesale operation, which is assumed in this report, is predominantly a driver salesman operation and includes retail display and other services.

<sup>3/</sup> For retail and house-to-house bakeries the combined baker-wholesale and retail price spread has more meaning. For chain stores the total of these two spreads also has more meaning since their operation approaches a drop delivery service.

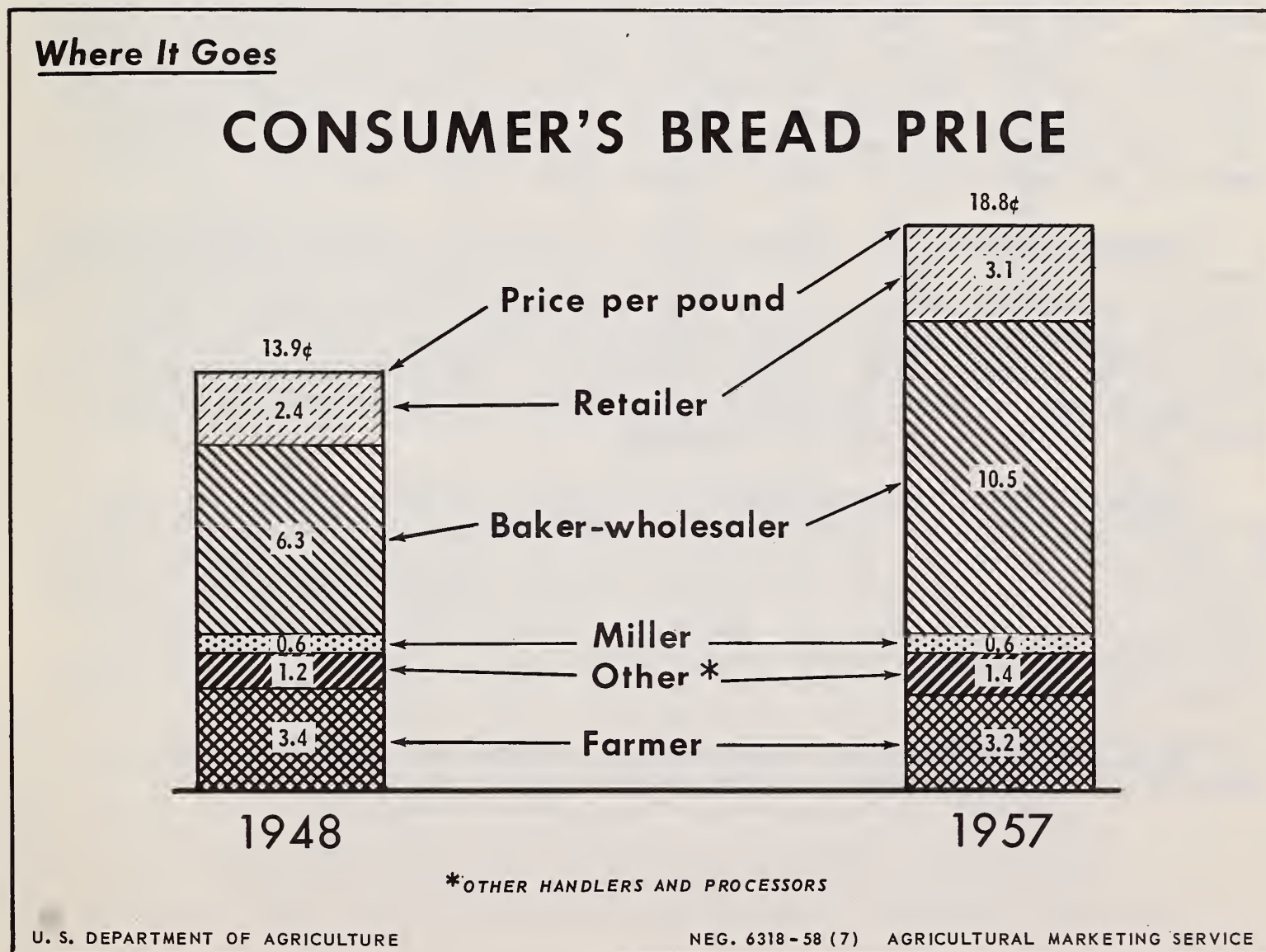


Figure 1

The services performed by the baker-wholesaler are varied. They generally can be divided into three main groups: (1) Prebaking operations, (2) baking, and (3) operations performed after baking.

Briefly, flour and other ingredients must be assembled, stored and aged, blended, and sifted. Then the dough is mixed and the fermentation process is accomplished. Dividing the dough into loaf size units, rounding, proofing or resting, moulding into loaf shape, panning, and final proofing of the dough complete the prebaking operation.

After baking, the loaves are allowed to cool either naturally or in air-conditioned chambers. The bread is then sliced and wrapped, often by a continuous machine operation. Other services performed at the bakery are handling, selling, and delivery of the finished product. Delivery, in most instances, includes retail stocking, display, and other services. Each of the baking operations contributes to the size of the baker-wholesale margin. In recent years, costs of baking have increased (table 9).

Increases in wages and salaries, since they are the largest item of expense, accounted for the major part of the growth in the baker-wholesale margin. Other cost items increased almost proportionately; wages and salaries amounted to 46 percent of the margin in 1945 and 49 percent in 1957. It is estimated that in 1957 a little over 5 cents of the margin of 10.5 cents was used to pay wages and salaries. Roughly an additional 0.3 cents was used to pay fringe benefits and social security taxes. In total, labor and related expenses per loaf have just about tripled since 1945 (table 9).

Between 1951 and 1957 average hourly earnings for bakery employees rose from \$1.43 to \$1.92 (table 10). Indirect labor payments in the form of fringe benefits and social security taxes also made marked advances and in 1957 probably amounted to more than five times the 1945 level (table 9). Dollar sales of the industry also increased markedly. Consequently, the cost of labor as a percentage of sales has shown only a slight increase while man-hours worked per dollar of sales have decreased.

The quantity of bread produced per man-hour of labor appears to have decreased substantially between 1945 and 1955, according to estimates based on data given in table 9 and the 1954 Census of Manufactures. Decreases in output per man-hour in the nonproduction worker category seem to have caused this decline in efficiency. <sup>4/</sup> Output of bread per man-hour of production labor increased about 3 percent from 1947 to 1954, according to the analysis of census data.

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<sup>4/</sup> Employees classified as nonproduction workers are those who do sales, administrative, professional, and clerical work.



Table 9.- Costs, profits, and the baker-wholesale margin for a 1-pound loaf of white bread, 18 multiplant and 18 single-plant wholesale baking companies, 1945, 1950, 1955 and 1957 <sup>1/</sup>

| Item   | 18 Multiplant companies |       |       | 18 Single-plant wholesale baking companies |       |       | Composite estimates |
|--|-------------------------|-------|-------|--|-------|-------|---------------------|
|  | 1945                    | 1950  | 1955  | 1945                                       | 1950  | 1955  | 1957                |
|  | Cents                   | Cents | Cents | Cents                                      | Cents | Cents | Cents               |
| Wages and salaries .....   | 1.91                    | 3.45  | 4.66  | 1.61                                       | 2.99  | 4.04  | 5.1                 |
| Fringe benefits to employees .....                                 | .02                     | .04   | .19   | .05  | .10   | .13)  |                     |
| Social security taxes .....  | .04                     | .08   | .10   | .03  | .07   | .10)  | .4                  |
| Compensation of officers ..  | .02                     | .04   | .06   | .15  | .20   | .25)  |                     |
| Packaging and wrapping material .....                              | .38                     | .72   | 1.01  | .41  | .83   | 1.11  | 1.1                 |
| Delivery expense other than wages and salaries ..                  | .29                     | .48   | .71   | .34  | .61   | .88   | .9                  |
| Cost of bakery products bought for resale .....                    | .01                     | .02   | .04   | .12  | .20   | .30)  |                     |
| Advertising and promotion ..                                       | .18                     | .28   | .54   | .13  | .32   | .42)  | .7                  |
| Taxes, other than social security, income and excess profits ..... | .06                     | .10   | .11   | .04  | .06   | .10)  |                     |
| Depreciation allowance ....  | .10                     | .24   | .33   | .11  | .27   | .38)  |                     |
| Items not specified .....  | .33                     | .53   | .74   | .45  | .73   | 1.04) |                     |
| Income and excess profits taxes .....                              | .33                     | .46   | .56   | .14  | .26   | .23)  | 2.3                 |
| Net profits (after taxes) ..                                       | .22                     | .55   | .51   | .19  | .38   | .19)  |                     |
| Total margin .....   | 3.89                    | 6.99  | 9.56  | 3.77                                       | 7.02  | 9.17  | 10.5                |

<sup>1/</sup> Calculated from data given in "Cost and Margin Trends in the Baking Industry," a Staff Report to the Senate Committee on Agriculture and Forestry, May 1, 1957. In this calculation the costs of ingredients used in bread were excluded in order to make the margin comparable with the concept used by the Agr. Market. Serv.

<sup>2/</sup> Estimated by the Agr. Market. Serv.

In part, this rise in labor costs per loaf was due to rising wage rates, fringe benefits, and commissions paid to delivery and other nonproduction employees. Even more important, however, is the fact that the volume of bread distributed per route, which had been increasing before 1945, had declined 28 percent by 1953. <sup>5/</sup> The growth of "drop day" and "swing man" operations probably has further accentuated this problem. As a result, with roughly comparable total physical volume the wages and salaries of nonproduction workers reported in the Census of Manufactures increased 63 percent from 1947 to 1954.

<sup>5/</sup> Charles C. Slater, Baking in America, Volume II, Market Organization and Competition, Northwestern University Press, Evanston, Ill., 1956, table 54, p. 354.

Table 10.- Hourly earnings of bread and other bakery products employees,  
annual average 1951-1957 1/

| Year                 | Actual earnings<br>including overtime | Index<br>(1951 = 100) |
|----------------------|---------------------------------------|-----------------------|
|                      | <u>Dollars</u>                        |                       |
| 1951 .....           | 1.43                                  | 100                   |
| 1952 .....           | 1.52                                  | 106                   |
| 1953 .....           | 1.60                                  | 112                   |
| 1954 .....           | 1.68                                  | 117                   |
| 1955 .....           | 1.75                                  | 122                   |
| 1956 .....           | 1.84                                  | 129                   |
| 1957 <u>1/</u> ..... | 1.92                                  | 134                   |

1/ Preliminary.

Bureau of Labor Statistics, Employment and Earnings.

Other bakery costs per loaf also have risen. Some have more than tripled since 1945. For instance, the combined costs of advertising and promotion and of bakery products bought for resale are more than three times what they were in 1945. It appears that packaging and wrapping materials also have risen in about the same proportion. Delivery expense, other than wages and salaries, has more than doubled, and other items have shown gains of 100 percent or more.

Profit (after taxes) per loaf for these baker-wholesalers were about twice as high in 1950 as in 1945. In 1955 they had decreased slightly in the multi-plant bakeries and dropped back to the 1945 level in the single-unit bakeries (table 9).

Profits (after taxes) of six leading baking companies declined from approximately 4 percent of sales in 1947 and 1948 to 2.3 percent of sales in 1956 and 1957 (table 11). Labor, the largest cost item, increased from about 31.7 percent of sales in 1945 to about 34.7 percent of sales in 1955 for the companies for which data are given in table 9. Profits (after taxes) of these six leading baking companies decreased from a high of 21.9 percent of stockholder equity in 1948 to a level of about 11.0 percent during the 1954-57 period.



Table 11.- Sales and profits of six baking companies, 1947-57

| Year ended<br>December 31 | Sales   | Total      |         | Net income as a     |         |
|---------------------------|---------|------------|---------|---------------------|---------|
|                           |         | net income |         | percentage of sales |         |
|                           |         | Before     | After   | Before              | After   |
|                           |         | taxes      | taxes   | taxes               | taxes   |
|                           | 1,000   | 1,000      | 1,000   |                     |         |
|                           | dollars | dollars    | dollars | Percent             | Percent |
| 1947 .....                | 483,151 | 28,796     | 17,615  | 6.0                 | 3.6     |
| 1948 .....                | 526,695 | 39,815     | 24,494  | 7.6                 | 4.7     |
| 1949 .....                | 504,548 | 30,908     | 19,316  | 6.1                 | 3.8     |
| 1950 .....                | 524,548 | 34,192     | 19,576  | 6.5                 | 3.7     |
| 1951 .....                | 568,783 | 32,057     | 15,606  | 5.6                 | 2.7     |
| 1952 .....                | 589,875 | 32,832     | 15,938  | 5.6                 | 2.7     |
| 1953 .....                | 626,018 | 33,371     | 16,339  | 5.3                 | 2.6     |
| 1954 .....                | 639,259 | 29,325     | 14,701  | 4.6                 | 2.3     |
| 1955 .....                | 687,790 | 36,616     | 17,933  | 5.3                 | 2.6     |
| 1956 .....                | 752,798 | 36,265     | 17,096  | 4.8                 | 2.3     |
| 1957 .....                | 801,381 | 38,463     | 18,373  | 4.8                 | 2.3     |

Compiled from Moody's Industrials.

#### Retail Margin Widens Slightly

The retail margin, the difference between the retail price and the wholesale price paid by retail stores, rose from 2.4 cents in 1948 to 3.1 cents in 1957. This 29 percent increase is far less than the 67 percent rise in the baker-wholesaler margin. Though the retail margin increased in cents per loaf, it gradually decreased as a percentage of the retail price. Retail prices of white bread changed more frequently than the wholesale prices. <sup>6/</sup> This was partly responsible for fluctuations in the retail margin.

The margin retained by the retailer is for services which he performs in providing display space, light, heat, check out, delivery, credit, and other services and customer conveniences. In addition the retailer may also be responsible for physically making the displays. In recent years, the baker-wholesaler has sometimes assumed duties previously performed by the retailer, thereby lessening the necessity of a wider retail margin.

#### Flour Mill Margin Steady

Mill marketing margins for the flour included in a 1-pound loaf of white bread remained at 0.6 cent during the last 10 years, except in 1949 when it dropped to 0.5 cent. From this margin, the miller must pay all of the expenses arising from the conversion of wheat into white flour and obtain his profit. In addition to actual milling costs, the miller bears the costs of maintaining storage facilities for incoming wheat and outbound flour shipments. Packaging materials for shipment of flour are another expense item in the miller's margin.

<sup>6/</sup> This is evident from monthly data, though not from annual data.

Labor is a less important factor in milling than in baking, Consequently, increases in labor costs have less impact in the milling industry. According to the Census of Manufactures, payrolls in the bread and related products industries accounted for 32 percent of the value of shipments in 1954, compared with only 6 percent in the flour and meal industry. Consequently, although average hourly earnings in the mill rose from \$1.24 in 1948 to \$2.02 in 1957, this increase apparently had little effect on the margin. Value of shipments per man-hour of production labor in the 1954 Census of Manufactures increased nearly 15 percent from 1947 figures while flour prices remained relatively stable. Millers perhaps have been able to increase the value of shipments per man-hour because of the trend toward bulk handling and other efficiencies in the use of labor.

#### Transportation, Storage, and Other Processing

Transportation, storage, and handling of grain and other ingredients, and processing charges for ingredients other than flour totaled about 1.4 cents in 1957 or 0.2 cent more than in 1948. Approximately two-thirds of these charges involved the services rendered in processing, transporting, storing, and distributing the bread ingredients other than flour. The other one-third covers the services rendered in (1) handling, storing, and transporting the wheat equivalent as it moves from the farm to the flour mill, and (2) any additional service performed, primarily transportation, as the flour moves from the mill to the bakery.

Although there have been slight fluctuations, these transportation, storage, handling, and other processing charges in the aggregate have tended upward over the years. Currently, they amount to a little more than 7 percent of the retail price of a 1-pound loaf of white bread.

#### Farm Value Declines Slightly

In 1957 the farmer received 3.2 cents for all farm-produced ingredients, compared with 3.4 cents in 1948. The low for the period occurred in 1949 when the farm value of all ingredients was 2.9 cents. The farm value of all ingredients dropped from 24.5 percent of the retail price in 1948 to 20.0 percent in 1952, and finally to 17.0 percent in 1957.

The farm value of the wheat in a 1-pound loaf of white bread was 2.6 cents in 1957, the same as in 1948. The year 1949 saw the lowest farm value of wheat for the period at 2.4 cents while 1954 and 1955 brought the high of 2.7 cents. Changes in farm prices since 1948 have had no significant effect on the retail price. This is also true of the farm value of all ingredients.

While the farm value of the wheat changed little as the retail price increased, it has constantly taken a smaller percentage of the retail price. It declined from 19 percent of the retail price in 1948 to 14 percent in 1957.



Changes in Methodology 7/

Bread Formula Changes

The ingredient formula for white bread used in previous margins studies has been replaced by a more modern formula. This new formula was derived from data received from an industry survey made in connection with the staff report to the Senate Committee on Agriculture and Forestry, entitled Cost and Margin Trends in the Baking Industry, May 1957. The "new" white bread formula is based on the formulas submitted by the baking establishments cooperating in this survey and on suggestions made by the American Institute of Baking (table 12).

Table 12.- "New" and "old" white bread formulas

| Ingredients                              | New formula       | Old formula       |
|--|-------------------|-------------------|
|  | Per loaf of bread | Per loaf of bread |
|  | Pounds            | Pounds            |
| Flour .....                              | .6410             | .6494             |
| Shortening .....                         | <u>1/</u> .0224   | <u>2/</u> .0182   |
| Milk solids, non-fat .....               | .0231             | .0144             |
| Sugar .....                              | .0481             | .0279             |
| Yeast .....                              | .0160             | .0114             |
| Salt .....                               | .0128             | .0130             |
| Mold inhibitor .....                     | .0013             |                   |
| Yeast food .....                         | .0048             |                   |
| Malt extract .....                       |                   | .0031             |
| Mineral yeast .....                      |                   | .0021             |
| <hr/>                                    |                   |                   |
| <u>1/</u> Lard.                          |                   |                   |
| <u>2/</u> Lard and vegetable shortening. |                   |                   |

Wholesale Price Estimates

No series of wholesale prices comparable with the averages of retail prices collected by the Bureau of Labor Statistics in 46 cities was available. The Agricultural Marketing Service derived such a series from (1) retail and wholesale prices of bread during 1955-57 in 46 cities, 8/ obtained from a quarterly survey conducted by a private concern, and (2) wholesale price indexes published by the BLS for New York, Chicago, San Francisco, and New Orleans.

7/ The method of calculating the farm value of white bread ingredients is described in Farm-Retail Spreads for Food Products, U. S. Dept. Agr., Misc. Pub. 741, Nov. 1957, p. 88.

8/ These cities are comparable to the 46 for which the BLS reports retail prices and the prices were weighted by the BLS weights.

This computation adjusts the 4-city series to the level of the prices paid by retailers in 46 cities during the period 1955-57. The computation retains the relative size of the retail margin as shown by the private survey.

The ingredient cost estimates used in this report compare closely with estimates derived from the Senate survey (table 13). Ingredient cost estimates based on the 18 multiplant bakery data were slightly less than those reported in this article 4 out of the 7 years for which comparable data are available and were identical during the other 3 years. Ingredient costs based on data for the 18 single unit wholesale bakeries tended to be the same as or slightly larger than those reported in this article. Since the baker-wholesale margin is defined as the difference between the wholesale prices and the costs of ingredients, the similar ingredient costs mean that the margins also are similar.

Table 13.- Comparison of ingredient costs per loaf from the AMS price spread analysis and Senate Committee Survey

| Year       | : | Ingredient<br>cost 1/ | : | Estimated ingredient cost 2/ |                    |
|------------|---|-----------------------|---|------------------------------|--------------------|
|            |   |                       |   | 18 multiplant                | 18 single unit     |
|            |   |                       |   | bakeries                     | wholesale bakeries |
|            |   | Cents                 |   | Cents                        | Cents              |
| 1945 ..... | : | 2.9                   | : | 2.9                          | 3.0                |
| 1948 ..... | : | 5.2                   | : | 3/                           | 3/                 |
| 1949 ..... | : | 4.6                   | : | 3/                           | 3/                 |
| 1950 ..... | : | 4.7                   | : | 4.6                          | 4.6                |
| 1951 ..... | : | 5.2                   | : | 5.1                          | 5.2                |
| 1952 ..... | : | 4.9                   | : | 4.9                          | 5.1                |
| 1953 ..... | : | 5.1                   | : | 5.0                          | 5.1                |
| 1954 ..... | : | 5.5                   | : | 5.4                          | 5.6                |
| 1955 ..... | : | 5.3                   | : | 5.3                          | 5.7                |
| 1956 ..... | : | 5.2                   | : | 3/                           | 3/                 |
| 1957 ..... | : | 5.2                   | : | 3/                           | 3/                 |

1/ Column 5, table 8.

2/ Based on wholesale price level reported in column 3, table 8, and ingredients as a proportion of sales reported in survey conducted by Senate Committee on Agriculture and Forestry.

3/ Not available.



CONVENIENCE FOODS AND THEIR COST TO CONSUMERS 1/

A Pilot Study in Washington, D. C., December 1957

:  
: Recent increases in the retail price of food have created :  
: widespread public interest in the causes. One of these to which :  
: attention has been directed is the increasing services connected :  
: with the so-called convenience foods. This article reports on a :  
: comparison of prices of convenience foods and of the corre- :  
: sponding foods with less services. The majority of the conven- :  
: ience foods were little more expensive and some were less :  
: expensive. :  
:

Background

Convenience or "serviced" foods have accounted for relatively little of the increase of 27 billion dollars since 1940 in the bill for marketing farm food products. 2/ More than half of this increase, or about 16 billion is attributed to the general rise since 1940 in costs of performing marketing operations. 3/ Nearly 5 billion dollars of the increase is due to the larger volume of farm products marketed for consumption by U. S. civilians. Growth in volume reflects the increase in population, higher farm production, movement of people off farms, and reduced output of food for family use, which does not enter the marketing system.

The remainder of the increase, or 6 billion dollars, includes the costs of all other factors, including additional services. Some of the important factors contributing to this increase are more away-from-home eating and other added marketing services such as better packaging. In view of these and other considerations, the growth of the processed and prepared foods industry does not appear to have been the major factor in the increase in the marketing bill. 4/

The question is sometimes raised as to how much more convenience foods--those with added marketing service, or those which are more highly processed--cost than the foods for which they are substituted. Further, it is asked whether any increase in the part of the consumer's food dollar going to pay for the added services results in less money being spent on food, or whether new products with added marketing services may be a key factor in maintaining or expanding the proportion of income spent on food and services.

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1/ Prepared in the Market Development Branch, Market. Res. Div., U. S. Dept. Agr. by Roland G. Harris and Philip B. Dwoskin.

2/ It is recognized that probably all foods sold in the grocery store today have been changed in form to some extent by added marketing services, but as used here, unserviced foods means those that have been changed less than the serviced foods by processing or servicing.

3/ Marketing Costs for Food, U. S. Dept. Agr., Misc. Pub. 708 (revised), Washington, Mar. 1958, p. 10.

4/ Farm-Retail Spreads for Food Products, U. S. Dept. Agr., Misc. Pub. 741, Washington, 1957, pp. 50-51.



To gain a better understanding of the impact of convenience foods, the Market Development Branch of the Agricultural Marketing Service undertook a pilot study as a preliminary step in evaluating the economic effects of the trend toward more highly processed foods. This study, which is reported on here, was concerned primarily with relative prices paid by consumers for food with marketing services added and of equivalent quantities of food with few, if any, added marketing services.

The price study was conducted in Washington, D. C., during the week of December 9, 1957. Prices were obtained in supermarkets of the three largest chain organizations in the Washington, D. C., area. Food trade spokesmen indicated that the firms included in this study probably account for more than 50 percent of the total dollar volume of grocery store sales in the Capital City metropolitan area.

This preliminary investigation of convenience food prices does not provide the final answer to the question concerning the impact of convenience foods on the demand for farm commodities; further investigations are necessary. The food industry is dynamic, with an estimated 200 new products appearing in grocery stores each year. It is believed that price comparisons should be made in various regions of the United States over a longer time to average out regional variations and seasonal changes and to obtain prices for food items unavailable during certain seasons. The limitations in the findings are recognized, but it is believed that they may prove helpful to other researchers and the food industry.

Though equivalent quantities of serviced and unserved foods were used for price comparison, qualities of foods in the two groups were not necessarily equal. For some foods, no technology has been developed which yields a processed product equal in quality to the fresh product. However, there are other processed foods which in some uses, at least, are equal, if not superior, in quality to the fresh products that are displayed in many retail stores.

#### Comparative Prices of Serviced and Unserved Foods

One hundred and twenty-six products (63 serviced and 63 unserved) were selected for the study. The main condition attached to the selection was that the unserved products were also sold in a more highly serviced form. A large number of products were selected in the belief that large numbers would tend to average out differences in quality and price due to factors other than added service. For example, the same grade or variety of foods was not always available in both forms. Grades, varieties, and other food characteristics, however, were kept as comparable as possible. Prices were obtained for such convenience products as packaged frozen ground beef patties, cutup ready-to-fry chicken, frozen precooked sausage, breaded ready-to-fry shrimp, instant coffee, frozen french fried potatoes, frozen chopped spinach, frozen concentrated orange juice, chilled orange juice, and many other convenience food products along with prices for comparable products in the fresh or unserved state. In addition, prices were obtained from another study for such items as cake, cookie, biscuit, and piecrust mixes. 5/

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5/ "Pilot Study of Money and Time Spent in Preparing Baked Products from Individual and Premixed Ingredients," Journal of Home Economics, by Asp, Elaine; Noble, Isabel; and Clark, Faith, Vol. 49, No. 9, Nov. 1957, pp. 717-19.



Table 14.- Average prices of unserviced foods and serviced foods, three large chain stores, Washington, D. C., December 9, 1957

Groceries

| Unserviced product 1/            | Unit        | Price per unit | Serviced product                          | Unit       | Price per unit | Conversion factor | Equivalent cost minus price of unserviced cost |
|----------------------------------|-------------|----------------|---|------------|----------------|-------------------|--|
|                                  |             |                |   |            |                | 2/                | 3/   |
|                                  |             | Dollars        |   |            | Dollars        |                   | Dollars  |
| Coffee, roasted ground           | 1 lb. can   | .99            | Coffee, instant                           | 1 lb. jar  | 3.84           | .263              | 1.01   |
| Tea, leaves                      | 1 lb. box   | 1.74           | Tea, bags                                 | 1 lb. box  | 3.20           | 1.024             | 3.28   |
| Tea, leaves                      | 1 lb. box   | 1.74           | Tea, instant                              | 1 lb. jar  | 7.84           | .175              | 1.37   |
| Sugar, bulk                      | 1 lb. box   | .13            | Sugar, tablets                            | 1 lb. box  | .17            | ---               | .04  |
| Cake, yellow, all ingredients 4/ | 1 cake      | .33            | Cake mix, prepared                        | 1 cake     | .41            | ---               | .08  |
| Cookies, all ingredients 4/      | 1 batch     | .31            | Cookie mix, prepared                      | 1 batch    | .44            | ---               | .13  |
| Biscuits, all ingredients 4/     | 1 batch     | .09            | Biscuit mix, prepared                     | 1 batch    | .13            | ---               | .04  |
| Pie crust, all ingredients 4/    | 1 pie       | .05            | Pie crust mix, prepared                   | 1 pie      | .09            | ---               | .04  |
| Bread, all ingredients           | 1 lb. loaf  | .16            | Bread, prepared & sliced                  | 1 lb. loaf | .20            | ---               | .04  |
| Meats and fish                   |             |                |   |            |                |                   |  |
| Bacon, slab (with skin)          | 1 lb.       | .57            | Bacon, sliced                             | 1 lb. pkg. | .67            | .918              | .05  |
| Sausage, bulk                    | 1 lb.       | .86            | Sausage, precooked & frozen               | 1 lb. pkg. | 1.10           | .833              | .06  |
| Beef, Chuck Roast, bone in       | 1 lb.       | .63            | Beef patties, ground and frozen           | 1 lb. pkg. | .84            | .774              | .02  |
| Beef, Round Steak, bone in       | 1 lb.       | .99            | Beef steaks, cubed & frozen               | 1 lb. pkg. | 1.08           | .863              | -.06   |
| Chicken, frying, whole, dressed  | 1 lb.       | .35            | Chicken, frying, cut up                   | 1 lb. pkg. | .35            | ---               | None   |
| Ham, uncooked, bone & skin       | 1 lb.       | .67            | Ham, cooked, boneless and skinless        | 1 lb. can  | .98            | .73               | .05  |
| Bologna, whole sausage           | 1 lb.       | .57            | Bologna, sliced                           | 1 lb. pkg. | .63            | ---               | .06  |
| Liverwurst, whole sausage        | 1 lb.       | .69            | Liverwurst, sliced                        | 1 lb. pkg. | .75            | ---               | .06  |
| Fish, fresh 5/                   | ---         | ---            | Flounder, filet & frozen                  | 1 lb. pkg. | .60            | .54               | ---  |
| Shrimp, headless, unshelled      | 1 lb.       | .96            | Shrimp, shelled, veined and frozen        | 1 lb. pkg. | .99            | .80               | -.17   |
| Shrimp, headless, unshelled      | 1 lb.       | .96            | Shrimp, breaded, ready to fry: and frozen | 1 lb. pkg. | 1.04           | .80               | -.13   |
| Produce                          |             |                |   |            |                |                   |  |
| Strawberries, fresh 5/           | ---         | ---            | Strawberries, frozen                      | 1 lb. pkg. | .41            | 1.24              | ---  |
| Sweet potatoes, bulk             | 1 lb.       | .13            | Sweet potatoes, candied                   | 1 lb. pkg. | .33            | .898              | .17  |
| Sweet potatoes, bulk             | 1 lb.       | .13            | Sweet potatoes, plain                     | 1 lb. can  | .22            | .898              | .07  |
| Carrots, without tops            | 1 lb. pkg.  | .16            | Carrots, diced                            | 1 lb. can  | .20            | .825              | .01  |
| Beets, with tops                 | 1 lb. bunch | .16            | Beets, diced                              | 1 lb. can  | .19            | .825              | None   |
| Tomatoes                         | 1 lb. tube  | .33            | Tomatoes, crushed                         | 1 lb. can  | .19            | .529              | -.23   |
| Lima beans, green, unshelled 5/  | ---         | ---            | Lima beans, shelled and frozen            | 1 lb. pkg. | .38            | .90               | ---  |
| Lima beans, green, unshelled 5/  | ---         | ---            | Lima beans                                | 1 lb. can  | .25            | .56               | ---  |
| Potatoes, Eastern bulk           | 1 lb.       | .05            | Potatoes, washed & bagged                 | 1 lb. bag  | .055           | ---               | .005   |
| Potatoes, Eastern bulk           | 1 lb.       | .05            | Potatoes, french fries, frozen            | 1 lb. pkg. | .32            | .54               | .12  |

Continued --

Average prices of unserviced foods and serviced foods, three large chain stores, Washington, D. C., December 9, 1957--continued

Produce

| Unserviced product <sup>1/</sup>     | Unit        | Price per unit | Serviced product             | Unit         | Price per unit | Conversion factor | Price per unit | Equivalent cost minus price of unserviced products |
|--------------------------------------|-------------|----------------|------------------------------|--------------|----------------|-------------------|----------------|--|
|                                      |             | Dollars        |                              |              | Dollars        | 2/                | Dollars        | Dollars  |
| Spinach, bulk unwashed               | 1 lb.       | .30            | Spinach, chopped & frozen    | 1 lb. pkg.   | .24            | .55               | .13            | -.17   |
| Cauliflower, head                    | 1 lb.       | .16            | Cauliflower, cut & frozen    | 1 lb. pkg.   | .40            | .30               | .12            | -.04   |
| Stringbeans, green bulk              | 1 lb.       | .21            | Stringbeans, sliced & frozen | 1 lb. pkg.   | .39            | .79               | .31            | .10  |
| Stringbeans, green bulk              | 1 lb.       | .21            | Stringbeans, sliced          | 1 lb. can    | .18            | 1.364             | .25            | .04  |
| Broccoli                             | 1 lb. bunch | .24            | Broccoli, spears, frozen     | 1 lb. pkg.   | .40            | .55               | .22            | -.02   |
| Peaches, freestone <sup>5/</sup>     | ---         | ---            | Peaches, freestone, sliced   | ---          | ---            | ---               | ---            | ---  |
| Peaches, freestone <sup>5/</sup>     | ---         | ---            | Peaches, freestone halves    | 1 lb. can    | .31            | .67               | .21            | ---  |
| Peas, green, unshelled <sup>5/</sup> | ---         | ---            | Peas, shelled and frozen     | 1 lb. can    | .24            | .892              | .21            | ---  |
| Peas, green, unshelled <sup>5/</sup> | ---         | ---            | Peas, green                  | 1 lb. can    | .30            | .79               | .24            | ---  |
| Corn, on cob with husks              | 1 lb.       | .17            | Corn, cut and frozen         | 1 lb. can    | .17            | .57               | .10            | ---  |
| Corn, on cob with husks              | 1 lb.       | .17            | Corn, whole kernels          | 1 lb. can    | .32            | .24               | .08            | -.09   |
| Apples, Eastern, bulk                | 1 lb.       | .10            | Applesauce                   | 1 lb. can    | .16            | .381              | .06            | -.11   |
| Asparagus, bunch <sup>5/</sup>       | ---         | ---            | Asparagus spears, frozen     | 1 lb. can    | .17            | .585              | .10            | None   |
| Asparagus, bunch <sup>5/</sup>       | ---         | ---            | Asparagus spears             | 1 lb. can    | .79            | .50               | .40            | ---  |
| Cucumbers                            | 1 lb.       | .25            | Pickles, Kosher, whole       | 1 lb. can    | .52            | .755              | .39            | ---  |
| Rhubarb, with tops                   | 1 lb. bunch | .25            | Rhubarb, cut and frozen      | 1 lb. can    | .25            | .85               | .25            | None   |
| Plums, Prune type <sup>5/</sup>      | ---         | ---            | Plums, purple                | 1 lb. can    | .29            | 1.395             | .28            | ---  |
| Pineapples, whole                    | 1 lb.       | .15            | Pineapple, slices, frozen    | 1 lb. can    | .20            | .50               | .17            | .02  |
| Pineapples, whole                    | 1 lb.       | .15            | Pineapple, chunks            | 1 lb. can    | .34            | .585              | .14            | -.01   |
| Oranges, Florida                     | 1 doz.      | .44            | Orange juice, frozen conc.   | 1 qt.        | .24            | 1.0               | .24            | -.20   |
| Oranges, Florida                     | 1 doz.      | .44            | Orange juice, s.s.           | 1 qt.        | .18            | 1.0               | .18            | -.26   |
| Oranges, Florida                     | 1 doz.      | .44            | Orange juice, chilled        | 1 qt.        | .29            | 1.0               | .29            | -.15   |
| Oranges, Florida                     | 1 doz.      | .44            | Orange juice, fresh squeezed | 1 qt.        | .59            | 1.0               | .59            | .15  |
| Grapefruit, Florida                  | 1 lb.       | .08            | Grapefruit sections          | 1 lb. can    | .15            | .525              | .08            | None   |
| Grapefruit, Florida                  | 1 lb.       | .08            | Grapefruit sections, frozen  | 1 lb. can    | .26            | .50               | .13            | .05  |
| Lemons, bulk                         | 1 doz.      | .52            | Lemon juice, plastic lemon   | 1 cont.      | .19            | 1.5               | .29            | -.23   |
| Lemons, bulk                         | 1 doz.      | .52            | Lemon juice, bottle          | 1 pt. bottle | .29            | .75               | .22            | -.30   |
| Limes, bulk                          | 1 doz.      | .58            | Lime juice, plastic lime     | 1 cont.      | .19            | 3.0               | .57            | -.01   |
| Limes, bulk                          | 1 doz.      | .58            | Lime juice, bottle           | 1 pt. bottle | .38            | .50               | .19            | -.39   |

Dairy products

|                        |       |     |                         |            |     |     |     |     |
|------------------------|-------|-----|-------------------------|------------|-----|-----|-----|-----|
| Cheese, American block | 1 lb. | .57 | Cheese, American sliced | 1 lb. pkg. | .59 | --- | .59 | .02 |
| Cheese, Cheddar block  | 1 lb. | .69 | Cheese, Cheddar sliced  | 1 lb. pkg. | .78 | --- | .78 | .09 |
| Cream, whipping        | 1 pt. | .44 | Cream, ready whipped    | 1 pt. can  | .67 | --- | .67 | .23 |
| Butter, wrapped bulk   | 1 lb. | .70 | Butter, quartered       | 1 lb. pkg. | .72 | --- | .72 | .02 |

<sup>1/</sup> It is recognized that probably all foods sold in the grocery store today have been changed in form to some extent by added marketing services, but as used here, unserviced foods are those that have been changed relatively little by processing or servicing.

<sup>2/</sup> Conversion factors from "Conversion Factors and Weights and Measures for Agricultural Commodities and Their Products," U. S. Dept. of Agr., May 1952, from U. S. Dept. Agr. Handbook 102, June 1956 and estimated from other data.

<sup>3/</sup> Price of serviced product times conversion factor gives cost of quantity of serviced product equivalent to 1 unit of unserviced product.

<sup>4/</sup> Prices from Journal of Home Economics, Vol. 49, No. 9, (Nov. 1957), pp. 717-19.

<sup>5/</sup> Not available because product was out of season.



The frozen precooked dinner was omitted from the study because no accurate ingredient or yield data were available, at the time of the study. This information was necessary for price comparisons. However, the omission of the precooked dinner may be relatively unimportant, since sales of all frozen precooked foods amounted to less than 1 percent of all grocery store sales during 1956. <sup>6/</sup> A few of the frozen precooked foods such as frozen french fried potatoes, where yield data were available were included in the study. Table 14 provides a complete list of products and prices.

The prices given in this report are simple averages of prices for both groups of food in three different chain supermarkets. Prices were obtained for equivalent units of two or more brands of each food in each store whenever possible. <sup>7/</sup> From a total of 52 product price comparisons, 28 serviced food products were higher in price than the comparable unserviced products; 18 serviced products were lower in price than the comparable unserviced products; and 6 serviced products were equal in price to the unserviced products (table 15). The unserviced forms of 11 of the products selected for the study were not available in the stores because of seasonality. Seasonality is important not only in terms of availability, but as an influence on the price of food products. For example, angel food cake mix which contains a large quantity of egg whites may be cheaper than the separate ingredients during the fall when fresh egg prices are higher. Thus, some of the convenience foods may offer the consumer a cheaper alternative at certain times of the year but may be more expensive at other times.

Table 15.- Difference in total cost of 52 unserviced foods and equivalent quantity of serviced foods, averages for three supermarkets of three large chain store companies, Washington, D. C., December 9, 1957

| Relation to cost of<br>corresponding<br>unserviced foods | :<br>Number of<br>foods | :<br>Difference<br>in total<br>cost | :<br>Difference in<br>average cost<br>per unit |
|--|-------------------------|-------------------------------------|--|
|  | <u>Number</u>           | <u>Dollars</u>                      | <u>Dollars</u>                                 |
| Serviced foods --  |                         |                                     |  |
| more expensive .....                                     | 28                      | 3.32                                | 0.12   |
| Serviced foods --  |                         |                                     |  |
| less expensive .....                                     | 18                      | -2.94                               | -.16   |
| Serviced foods --  |                         |                                     |  |
| same cost .....  | 6                       | 0                                   | 0  |
| All 52 serviced foods .....                              | 52                      | .38                                 | .007   |

<sup>6/</sup> Olsen, Paul C., "What the Public Spends for Grocery Store Products," Food Field Reporter and Food Topics, Research, 1957.

<sup>7/</sup> Conversion factors were used so as to make serviced and unserviced foods equivalent on the basis of number of servings in each unit of food; see table 14.



The 28 serviced foods which were more expensive than the corresponding unserviced foods cost a total of \$3.32 more than the unservice foods, or an average increase in cost of 12 cents per unit for each of the foods in this group (table 15). However, tea bags accounted for nearly one-half of the \$3.32 increase. The 18 serviced foods that were less expensive than the unserviced foods cost a total of \$2.94 less than the unserviced foods, or an average decrease in cost of 16 cents per unit for all foods in this group. Moreover, a homemaker who purchased all 52 of the convenience foods in the 3 stores in Washington, D. C., during December 1957, paid a total of only 38 cents more than a homemaker who bought all 52 of the comparable foods without the service. The average cost of the added service was less than 1 cent per item for all foods in the convenience food group.

The difference in the total cost of the 52 serviced foods and that of the corresponding unserviced foods does not, however, reflect accurately the impact of convenience foods on the food budget of the average shopper, since consumers do not buy the same number of units of each article. Expenditures also are distributed unevenly. For example, expenditures by the average consumer for one of the most expensive convenience foods included, tea bags, amount to only a very small part of her expenditures for all foods. Of the food groups included in the study, the average consumer spends the major share of her food budget money on meat, including poultry and fish; and on the fresh and processed fruits and vegetables. Prices of convenience foods in the meat and produce groups included in the study would, therefore, be a more important factor in determining whether convenience foods increased the cost of food to the consumer than would convenience foods in some of the minor or speciality foods groups.

To measure more accurately the impact of convenience foods on the food budget of an average consumer, the price of each convenience food or group of convenience foods included in the study was weighted by the percentage of her food budget that the average consumer normally spends for them. 8/

The results show the effect of the 52 convenience foods on the food expenditures of an average consumer, provided that (1) the expenditures are made within the convenience foods included in the study and (2) the consumer follows the purchase pattern of the average consumer in 1956. A consumer who bought \$100 worth of unserviced foods in three Washington, D. C., chain supermarkets during December 1957 would have had to pay only 61 cents—less than 1 percent—more for the equivalent quantity of serviced foods.

Costs to the homemaker of preparing or servicing the unserviced foods in her own kitchen were not considered. Some of the processed foods included in the study such as prepared bread, frozen precooked sausage, canned-cooked ham, canned applesauce, and others actually are less costly than the price comparisons indicate, because, in order to prepare unserviced foods, the homemaker would have to bear the direct costs of home preparation such as gas or electricity for cooking and other direct and indirect costs of preparing the food in the kitchen, including the costs of detergents and scouring material for cleaning the utensils used. It should also be pointed out that most homemakers probably cannot approach the efficiency of food processors in preparing foods. For

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8/ Percentages taken from article cited in footnote 6.



example, the commercial formula for bread, one of the serviced foods, contains a smaller quantity of ingredients per pound of bread than a home recipe calls for because in making small batches, there is more loss from dough sticking to pans and utensils. Any wasted food, of course, is an additional cost for the home prepared food not considered in the price comparison. Finally, no cost was added to the price of the unserved foods for the time it would take the homemaker to prepare them in her own kitchen. Time costs for the home preparation of foods are probably an important consideration to many homemakers. 9/

Convenience foods will require considerable research before a complete assessment of their effect on the individual consumer, the farmer, and the marketing system can be made. The pilot study reported on here represents the beginning of such an effort in the Department. An expanded version of the pilot study is in an advanced planning stage. Some of the more obvious shortcomings of the pilot study such as the need for price comparisons in different seasons and in different regions of the country and the need for yield data on items such as frozen precooked dinners for accurate price comparisons will be overcome by the methodology to be employed in the expanded study. In addition, other agencies in the Department have indicated an interest in researching related parts of the overall problem, particularly in the area of nutritional comparisons of the serviced versus unserved foods, and in the area of costs and margins associated with serviced foods and their less serviced counterparts. It is hoped that such studies will provide the basic data needed to evaluate the impact of convenience foods from the points of view of the producer, processor, and the consumer.

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9/ For further information on time required for home preparation of foods, see "Pilot Study of Money and Time Spent in Preparing Baked Products from Individual and Premixed Ingredients," by E. Asp, I. Noble, and F. Clark, Journal of Home Economics, Vol. 49, No. 9, (Nov. 1957), pp. 717-19, and "Time and Money Costs of Meals Using Home and Prekitchen-prepared Foods," Journal of Home Economics, by G. S. Weiss, Vol. 46, (1954), pp. 98-100.

DEVELOPMENT OF A SHIPPING-POINT PRICE REPORT FOR TURKEYS 1/

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:  
: Marketing methods in selling turkeys have changed considerably in :  
: recent years. Direct shipments of trucklots from country :  
: processors to chainstore warehouses and other large buyers have :  
: greatly reduced volumes handled by old-line central market whole- :  
: salers. This change has greatly affected the pricing process :  
: which historically has been a function of the central market. If :  
: the trend toward more direct marketing of turkeys continues, the :  
: location of price reporting must be shifted from terminal markets :  
: to some other point or level in the marketing process. This :  
: article explores the problems of reporting prices at the process- :  
: ing centers. :  
:

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A survey of turkey processors in Iowa and Minnesota was made during the summer of 1957 to determine if it would be feasible to report prices received by processors at country shipping points for ready-to-cook turkeys. These States were selected as the location for this study because of their importance in the production of turkeys. This article is a preliminary report of the results of the survey which was conducted by the Market Organization and Costs Branch and the Dairy and Poultry Market News Branch, both of the Agricultural Marketing Service. The study is being continued through 1958.

Survey of Turkey Processors

The Des Moines, Iowa, field office of the Dairy and Poultry Market News Branch conducted the field survey of the processors. The specific purposes were to investigate (1) the pricing methods used, (2) terms and conditions of sales, selling costs, and market outlets, and (3) the availability of price information and the degree of cooperation obtainable from processors. In addition, detailed information was obtained from each processor on his last two shipments of turkeys.

A total of 20 turkey processors was interviewed in the 1957 survey and 14 plant managers said they would report prices received. Several turkey processing plants associated with or owned by integrated firms were not included in the survey because such firms usually do not sell their products at the country plant level.

Results of the survey indicated that it would be feasible to report net prices received at shipping points for ready-to-cook, USDA inspected, frozen turkeys sold in carlot or trucklot quantities. These are the characteristics of most of the processed turkeys moving into marketing channels from August through January.

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1/ This article was prepared by John R. Pedersen, Agricultural Economist, Market. Res. Div., Agr. Market. Serv.



### Weekly Collection of Prices Received

Weekly price collection was initiated in November 1957 on a trial basis to test the feasibility of market news reporting of prices received. Fourteen large turkey processing plants in Iowa and Minnesota were telephoned each week by the market news reporters in Des Moines for price information on rail and trucklot sales of USDA inspected frozen ready-to-cook turkeys. Data were gathered over a period of 8 weeks from November 21, 1957 through January 9, 1958. Efforts were made to obtain all marketing costs for each shipment, the size of shipment, city of destination, and both the gross and net prices received for all grades and sizes of turkeys included in each shipment.

The prices received by the turkey processors varied from week to week. At the beginning of the trial price collection period, prices advanced, but during the last 3 weeks prices received by processors dropped. Heavy tom turkeys were the predominant class of birds moving in volume during the last few weeks of this trial reporting period (table 16).

### Use of a Base Quotation

How does a turkey processor arrive at a price decision? Nearly all the turkey processors contacted, used as a base price a quotation published by a commercial price reporting firm in New York City. However, most of the processors negotiated with buyers for a gross selling price, either above or below the New York quotation. A few processors continuously received the inside quotation (lowest price in the range of quoted prices). For the relatively few sales where the New York quotation was not used as a base, the gross price was determined by offer, negotiation, and final acceptance.

### Net Prices Compared with Wholesale Price Quotations

The difference between the gross price and net price received by processors was the transportation costs, brokerage fees, and cooling or refrigeration costs. One way of evaluating the net prices received by processors is to compare them with the base quotation. This was done by comparing weekly average wholesale prices in New York City as reported in the commercial price report and the weekly average net prices received at Iowa and Minnesota shipping points as reported by turkey processors. Net prices received by processors were below the New York wholesale price quotation by the following amounts: (1) Hens of all weights, 1.6 to 3.9 cents a pound; (2) toms 18 to 20 pounds, 2.2 to 3.8 cents a pound; and (3) toms 20 to 22 pounds, 1.5 to 3.8 cents a pound, and (4) fryer-roasters 4 to 10 pounds, 1.4 to 4.5 cents a pound, (data for the first three classes are shown in fig. 2). The average difference between the base quotation and the net price was 2.8 cents for all shipments of these four classes of turkeys. The average transportation cost was 1.1 cents a pound. The remainder of the difference of 1.7 cents can be partially explained by the discounts under the wholesale quotations, which may have reflected the bargaining position of individual processors. Also the size of the discount under the wholesale quotation was often related to sales where the buyer paid for the transportation. The destination of the shipment had a bearing on the amount of the discount too, because buyers in cities located near the production area generally purchased turkeys at a larger discount from the New York quotation than buyers in eastern or southern cities. Occasionally a brokerage fee, storage charge, or cooling cost was part of the marketing cost, but in this study these costs were minor in relation to the transportation cost.

Table 16.- Turkeys (ready-to-cook): Net prices per pound received at shipping points by turkey processors for sales in truck or carlots, Iowa and Minnesota, November 21, 1957-January 9, 1958

| Week ending                          | Plants | Sales  | Volume sold | Weekly net prices received |                |                  |
|--------------------------------------|--------|--------|-------------|----------------------------|----------------|------------------|
|                                      |        |        |             | Range                      | Simple average | Weighted average |
|                                      | Number | Number | Pounds      | Cents                      | Cents          | Cents            |
| Fryers and roasters - 4 to 10 pounds |        |        |             |                            |                |                  |
| Nov. 21 .....                        | 2      | 3      | 54,300      | 41.50-44.75                | 42.60          | 43.30            |
| Nov. 29 .....                        | 2      | 2      | 182,000     | 40.50-44.75                | 42.75          | 44.20            |
| Dec. 5 .....                         | 5      | 9      | 456,000     | 43.00-47.50                | 46.20          | 45.90            |
| Dec. 12 .....                        | 2      | 2      | 116,000     | 43.00-49.00                | 46.00          | 44.90            |
| Dec. 19 .....                        | 2      | 2      | 76,000      | 42.00-45.50                | 43.50          | 42.50            |
| Jan. 9 1/ .....                      | 2      | 4      | 89,747      | 39.00-41.50                | 40.60          | 41.10            |
| Hens - all weights                   |        |        |             |                            |                |                  |
| Nov. 21 .....                        | 6      | 6      | 326,400     | 38.65-40.75                | 39.70          | 40.00            |
| Nov. 29 .....                        | 5      | 6      | 231,394     | 39.50-42.00                | 40.50          | 40.70            |
| Dec. 5 .....                         | 7      | 13     | 678,000     | 41.95-43.75                | 42.90          | 42.85            |
| Dec. 12 .....                        | 3      | 3      | 87,276      | 40.00-42.75                | 41.75          | 41.80            |
| Dec. 19 .....                        | 2      | 3      | 50,000      | 41.25-43.00                | 42.30          | 42.55            |
| Jan. 9 1/ 2/ .....                   | ---    | ---    | ---         | ---                        | ---            | ---              |
| Toms - under 18 pounds               |        |        |             |                            |                |                  |
| Nov. 21 .....                        | 4      | 7      | 179,934     | 33.50-37.50                | 35.50          | 35.70            |
| Nov. 29 .....                        | 2      | 2      | 3/          | 36.50-38.00                | 37.25          | 3/               |
| Dec. 5 .....                         | 6      | 9      | 97,133      | 33.25-38.00                | 35.60          | 35.40            |
| Dec. 12 .....                        | 4      | 5      | 4/70,000    | 32.00-35.25                | 33.40          | 3/               |
| Dec. 19 .....                        | 4      | 7      | 75,333      | 31.00-33.00                | 31.70          | 31.60            |
| Jan. 9 1/ .....                      | 1      | 1      | 10,000      | 32.00                      | 32.00          | 32.00            |
| Toms - 18 to 20 pounds               |        |        |             |                            |                |                  |
| Nov. 21 .....                        | 4      | 4      | 103,300     | 33.50-34.25                | 33.85          | 34.10            |
| Nov. 29 .....                        | 2      | 2      | 3/          | 33.75-35.00                | 34.37          | 3/               |
| Dec. 5 .....                         | 6      | 7      | 93,266      | 33.25-35.44                | 34.80          | 34.70            |
| Dec. 12 .....                        | 3      | 4      | 4/20,000    | 32.00-35.25                | 33.40          | 3/               |
| Dec. 19 .....                        | 4      | 7      | 76,333      | 31.00-33.00                | 31.70          | 31.60            |
| Jan. 9 1/ .....                      | 2      | 2      | 23,713      | 31.90-32.00                | 31.95          | 31.95            |
| Toms - 20 to 22 pounds               |        |        |             |                            |                |                  |
| Nov. 21 .....                        | 4      | 5      | 88,733      | 32.65-34.25                | 33.30          | 33.80            |
| Nov. 29 .....                        | 2      | 2      | 3/          | 32.75-35.00                | 33.90          | 3/               |
| Dec. 5 .....                         | 6      | 7      | 95,263      | 33.25-35.39                | 34.40          | 34.10            |
| Dec. 12 .....                        | 3      | 4      | 3/          | 32.00-35.25                | 33.60          | 3/               |
| Dec. 19 .....                        | 4      | 8      | 92,000      | 31.00-33.00                | 31.90          | 31.85            |
| Jan. 9 1/ .....                      | 4      | 6      | 59,554      | 29.50-32.25                | 31.00          | 30.90            |
| Toms - 22 pounds and over            |        |        |             |                            |                |                  |
| Nov. 21 .....                        | 2      | 3      | 15,400      | 32.65-33.65                | 33.20          | 33.25            |
| Nov. 29 .....                        | 2      | 2      | 41,500      | 33.75-34.50                | 34.20          | 34.30            |
| Dec. 5 .....                         | 4      | 7      | 126,000     | 33.50-35.50                | 34.30          | 33.70            |
| Dec. 12 .....                        | 3      | 4      | 4/36,000    | 32.00-34.50                | 33.00          | 4/33.00          |
| Dec. 19 .....                        | 3      | 7      | 130,000     | 31.75-34.00                | 32.80          | 32.95            |
| Jan. 9 1/ .....                      | 3      | 11     | 155,554     | 30.50-37.40                | 33.80          | 5/               |

1/ Includes sales over a two week period, 12-20-57 through 1-9-58.

2/ No shipments sold.

3/ Too few shipments and insufficient volume data.

4/ Includes only 2 sales.

5/ Twenty-two different prices for the 11 sales, with insufficient price-volume breakdown for computation of a weighted average.



The transportation cost was paid by the processor on approximately 86 per cent of the shipments. Shipments to midwestern cities moved from 100 to 300 miles with an average transportation cost of about 0.7 cent a pound, while shipments to eastern and southern cities cost an average of about 1.8 cents (table 17). A brokerage fee averaging about 0.3 cent a pound and a first-month storage cost of about 1.3 cents a pound were incurred on some shipments.

Table 17.- Turkeys ready-to-cook: Distribution costs per pound paid by turkey processors, Iowa and Minnesota, November 21, 1957 through January 9, 1958

| Distribution<br>cost                      | Midwestern cities |                  |                 | Eastern and southern<br>cities |                  |                 |
|---|-------------------|------------------|-----------------|--------------------------------|------------------|-----------------|
|   | Ship-<br>ments    | Range<br>in cost | Average<br>cost | Ship-<br>ments                 | Range<br>in cost | Average<br>cost |
|   | No.               | Cts.             | Cts.            | No.                            | Cts.             | Cts.            |
| Transportation cost .....                 | 26                | 0.25-1.00        | 0.69            | 42                             | 1.00-3.00        | 1.81            |
| Brokerage fees .....                      | 5                 | .25              | .25             | 3                              | .25-0.50         | .33             |
| Storage costs (first<br>month only) ..... | 3                 | 1.25-1.50        | 1.33            | 0                              | 0                | 0               |

The size of shipments ranged from 28,000 to 40,000 pounds, with approximately 70 percent falling within the range of 28,000 to 33,000 pounds. Approximately 88 percent of the shipments were by truck and 12 percent by rail.

#### When Was Net Price Known?

In most instances the net price was known on the day of sale or the day of shipment. In some cases the net price was not known until the shipment arrived at its destination point. Day of sale occasionally was considerably in advance of day of shipment. A few sales were made with apparently firm price commitments for shipments to be made over a period of several weeks.

#### Suggestions for Improvements

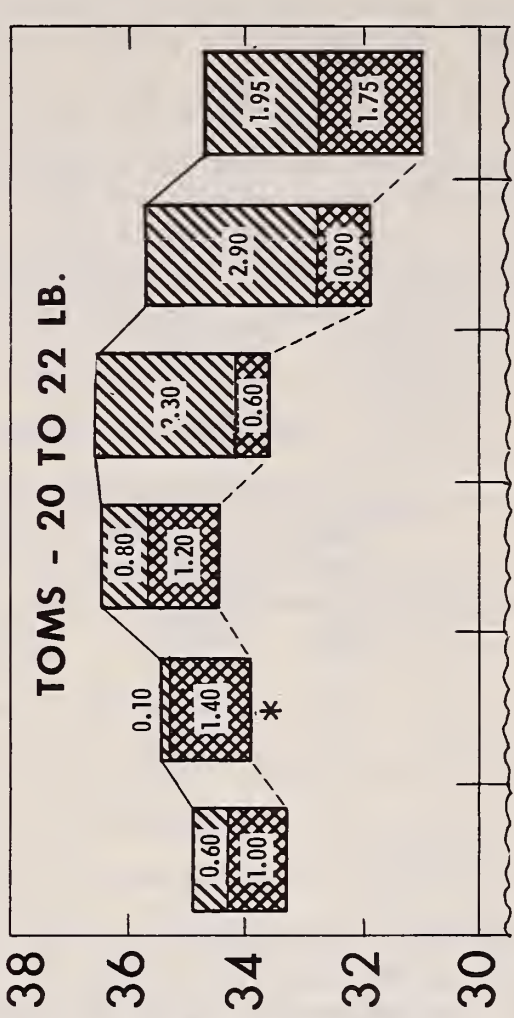
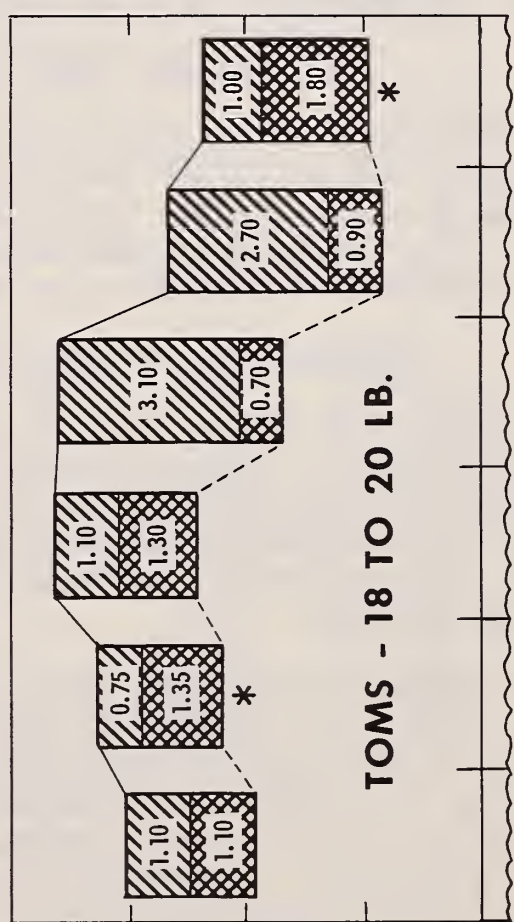
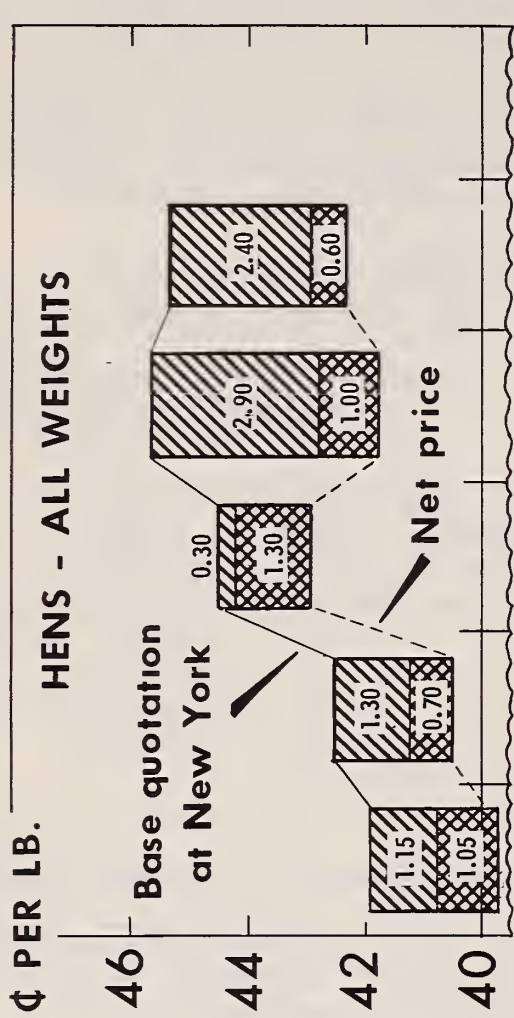
To be useful, market news price reporting should be timely and on a continuing basis while the crop is being marketed. Reported prices should be representative of current market values for the kind and class of the products being sold. Results obtained during the 1957 trial reporting period met these criteria only partly, but sufficient information was obtained to warrant continuation of the study in 1958.

The reasons why shipping point net prices were not published as a market news service in 1957 were: (1) An insufficient number of sales was reported in all weeks except one, the week ending December 5, 1957, (2) only 14 plants cooperated by providing information on sales and prices received, and some of these plants had no sales during certain weeks, (3) some of the plants that co-operated supplied inadequate information so that only part of their data could be used, and (4) some plants sold their turkeys on a "forward" pricing basis thereby limiting their ability to report current prices.

# READY-TO-COOK TURKEYS

Spread Between Prices at New York City  
and Net Prices Received by  
Iowa and Minnesota Processors

Av. weekly base quotation  
Discount under quotation  
Transportation costs  
Av. weekly net f.o.b. price



11-21-57 11-29-57 12-5-57 12-12-57 12-19-57 1-9-58<sup>o</sup>

WEEK ENDING

\* LESS THAN 3 NET PRICES OBTAINED

<sup>o</sup> INCLUDES DATA FOR 3 WEEKS, 12-20-57 THROUGH 1-9-58

Figure 2



Nevertheless, strong interest and excellent cooperation from many of the reporting plant managers indicated the need for shipping point price reports. The data obtained indicated differences in net prices which probably reflected a variation of bargaining power among the plants. Presumably some processing plants may be able to improve their net returns when it becomes possible to publish the prices received.

This summer and fall another attempt will be made to meet the criteria for providing useful market news reporting of net prices received in 1958 by:

(1) Soliciting the cooperation of 24 additional turkey processors in the States bordering Iowa and Minnesota, (2) beginning weekly price collection when the crop starts to move in volume, and (3) issuing timely weekly reports when a sufficient volume of pricing information is obtained on a continuing basis.

RAIL AND TRUCK SHARES IN THE HAULING OF PERISHABLES:  
SOME RECENT DEVELOPMENTS 1/

:  
: From 1946 to 1956, the nation's intercity freight traffic in- :  
: creased from 900 billion ton-miles to 1,400 billion. Railroad :  
: traffic rose from 600 billion ton-miles to 660 billion; but the :  
: growth for all modes of transport combined was so great that the :  
: rail share fell from 66 percent to 48 percent of the total. The :  
: inland water carriers barely advanced percentagewise, while their :  
: ton-miles grew from 120 billion to 220 billion. The big percent- :  
: age growth has been that of the trucks and the oil pipelines. :  
: The trucks' share was 9 percent in 1946, 19 percent in 1956. :  
:  
: Truck unloads of eight important fresh fru' .s and vegetables at :  
: a group of large cities increased relatively to rail unloads, :  
: 1951-57. Records for shell eggs at three large cities and for :  
: frozen eggs at two of these cities show the railroads' share had :  
: decreased to almost zero and to 6 percent, respectively, by :  
: 1957. Because shell eggs moving by rail are easily damaged and :  
: hence subject to frequent damage claims, the railroads have :  
: shown no eagerness to hold this traffic. With some other com- :  
: modities, they have demonstrated that an alert policy of offering :  
: good service and attractive rates is effective in holding or re- :  
: capturing traffic. :  
:

The Background

The railroads' percentage of the total volume of freight hauled in the United States (all commodities combined) declined in all except one of the 11 postwar years, 1946-56, while the percentage moved by trucks mounted in each year but two. (See table 18 and cover chart.) In 4 years, 1947, 1950, 1955, 1956, the ton-miles moved by each mode of transport rose though the rail ton-miles failed to rise as fast as the ton-miles hauled by the other modes of transport combined.

1/ Prepared by Clem C. Linnenberg, Jr., Transportation Economist, Transportation and Facilities Branch, Agr. Market. Serv. A more detailed analysis of fresh fruit and vegetable transportation data for 1951 and 1954 appeared in the recently published report, Shifts in Rail and Truck Transportation of Fresh Fruits and Vegetables, by James M. Henderson and Clem C. Linnenberg, Jr., U. S. Dept. Agr. Market. Res. Rept. 237, Washington, June 1958. In briefer form, the present article brings that analysis up to the end of 1957, and shows that the trend as to rail and truck shares of the fresh fruit and vegetable traffic in the period covered by that report has continued. See also a discussion by Ezekiel Limmer in this Situation for April 1956, (MTS-121), entitled "Trucks Continue to Gain in Share of the Freight Traffic," pp. 16-18.



Table 18.- Estimated volume of intercity freight traffic (all commodities combined) in the United States, by mode of transport, 1939-56 <sup>1/</sup>

| Year       | Rail  |         | Truck   |         | Inland water carriers                                 |         | Oil pipelines   |         | Total 2/ |
|------------|---|---------|---|---------|---|---------|---|---------|----------|
|            | : :<br>Ton-miles : of total :<br>: Billions : Percent |         | : :<br>Ton-miles : of total :<br>: Billions : Percent |         | : :<br>Ton-miles : of total :<br>: Billions : Percent |         | : :<br>Ton-miles : of total :<br>: Billions : Percent |         |          |
|            | Billions  | Percent | Billions  | Percent | Billions  | Percent | Billions  | Percent |          |
| 1939 ..... | 339   | 62      | 53  | 10      | 96  | 18      | 56  | 10      | 544      |
| 1940 ..... | 379   | 61      | 62  | 10      | 118   | 19      | 59  | 10      | 619      |
| 1941 ..... | 482   | 62      | 81  | 11      | 140   | 18      | 68  | 9       | 772      |
| 1942 ..... | 645   | 69      | 60  | 7       | 149   | 16      | 75  | 8       | 929      |
| 1943 ..... | 735   | 71      | 57  | 6       | 142   | 14      | 98  | 9       | 1,031    |
| 1944 ..... | 747   | 69      | 58  | 5       | 150   | 14      | 133   | 12      | 1,088    |
| 1945 ..... | 691   | 67      | 67  | 7       | 143   | 14      | 127   | 12      | 1,027    |
| 1946 ..... | 602   | 66      | 82  | 9       | 124   | 14      | 96  | 11      | 904      |
| 1947 ..... | 665   | 65      | 102   | 10      | 147   | 15      | 105   | 10      | 1,019    |
| 1948 ..... | 647   | 62      | 116   | 11      | 162   | 16      | 120   | 11      | 1,045    |
| 1949 ..... | 535   | 58      | 127   | 14      | 139   | 15      | 115   | 13      | 916      |
| 1950 ..... | 597   | 56      | 173   | 16      | 163   | 16      | 129   | 12      | 1,063    |
| 1951 ..... | 655   | 56      | 188   | 16      | 182   | 15      | 152   | 13      | 1,178    |
| 1952 ..... | 623   | 54      | 195   | 17      | 168   | 15      | 158   | 14      | 1,144    |
| 1953 ..... | 614   | 51      | 217   | 18      | 202   | 17      | 170   | 14      | 1,204    |
| 1954 ..... | 557   | 50      | 215   | 19      | 174   | 15      | 179   | 16      | 1,124    |
| 1955 ..... | 631   | 49      | 226   | 18      | 217   | 17      | 203   | 16      | 1,278    |
| 1956 ..... | 656   | 48      | 254   | 19      | 220   | 16      | 230   | 17      | 1,360    |

<sup>1/</sup> The transportation covered here includes both for-hire and private. "Intercity freight traffic" means freight, express, and mail moving from farms to cities, and cities to farms, as well as between cities. Traffic shown here does not include natural gas moved by pipelines.

<sup>2/</sup> Total shown may differ slightly from the sum of the components, because of rounding. Total includes air carrier ton-miles, which have increased almost every year in the period shown, and passed 0.5 billion ton-miles in 1956. Air carrier ton-miles were less than 0.05 percent of the total, each year; but the percentage increased each succeeding year, 1939-56, except 1953.

Interstate Commerce Commission.

Concern of the railroads about this situation has expressed itself in efforts at obtaining relief from regulatory laws which they consider to be unduly restrictive or discriminatory. Some railroads have also responded with improvements in service or with rate reductions on particular traffic. Piggy-back is one new type of service designed to recapture traffic lost to trucks. This is the practice of hauling loaded truck trailers for substantial distances on rail flatcars, with a short run via highway or street at origin and destination, using a truck tractor for power, and with loading and unloading of box cars and rail refrigerator cars eliminated. <sup>2/</sup> The railroads' interest in new legislation gave rise to extensive hearings this past winter and spring before the Senate Subcommittee on Surface Transportation, <sup>3/</sup> regarding "Problems of the Railroads," and to various legislative proposals by members of each house of Congress.

The railroads' declining percentage of the total freight moved has been one of the most emphasized points in their demand for legislative action. At the same time, the trucking industry has taken pride in the growth in its ton-mile figure and also in its percentage of the total freight hauled. The water carriers, an ancient form of transport which has had a strong revival in recent decades, are pleased with the increase in the ton-miles moved by them. Despite sharp differences on policy as expressed by representatives of the respective modes of transport in their congressional testimony and otherwise, they agree that the facts here referred to are important.

#### The Fresh Fruit and Vegetable Traffic

Trucks have shown a large relative increase in the transportation of fresh fruits and vegetables. For 4 recent years at 13 major cities, table 19 shows the rail and truck unloads of eight fresh fruits and vegetables combined. For the group of cities as a whole, the truck share of the unloads increased from 53 percent in 1951 to 62 percent in 1957. Seattle had to be omitted from the 1957 data because truck figures were unavailable there for the period after August 31, 1957; but Seattle is decidedly a truck market, so far as fresh fruits and vegetables are concerned. Hence its absence from the 1957 totals probably understates rather than exaggerates the importance of trucking into the group of cities.

In 1951, eight cities of the group studied had truck unloads amounting to more than 50 percent of the total. The other five cities were Boston, Chicago, Cleveland, New York City, and Philadelphia, with truck percentages ranging from 47 percent down to 20 percent. Significantly, these five are not very near to California or Florida, the two leading States in fruit and vegetable production. Here the distance factor helped rail traffic. Not until 1957 do the figures show any of these five cities with a truck share above 50 percent--a bare 51 percent for Philadelphia in that year.

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<sup>2/</sup> See this Situation for October 1954, pp. 41-43.

<sup>3/</sup> A Subcommittee of the Committee on Interstate and Foreign Commerce. See the Subcommittee's report, Problems of the Railroads, April 30, 1958, and the Committee's report, Senate Report 1647, Transportation Act of 1958, June 3, 1958.



Table 19.- Rail and truck unloads of 8 fresh fruits and vegetables at 13 specified major markets, 1951, 1954, 1956, and 1957 <sup>1/</sup>

| Market                 | 1951             |         |                  |         |           | 1954             |         |                  |         |           |
|------------------------|------------------|---------|------------------|---------|-----------|------------------|---------|------------------|---------|-----------|
|                        | Rail             |         | Truck            |         | Total     | Rail             |         | Truck            |         | Total     |
|                        | :Percent-:       |         | :Percent-:       |         | :         | :Percent-:       |         | :Percent-:       |         | :         |
|                        | :Carlots: age of |         | :Carlots: age of |         | :Carlots: | :Carlots: age of |         | :Carlots: age of |         | :Carlots: |
|                        | : total :        |         | : total :        |         | :         | : total :        |         | : total :        |         | :         |
|                        | Number           | Percent | Number           | Percent | Number    | Number           | Percent | Number           | Percent | Number    |
| Atlanta, Ga. ....      | 3,058            | 25      | 9,067            | 75      | 12,125    | 2,803            | 20      | 11,122           | 80      | 13,925    |
| Baltimore, Md. ....    | 6,506            | 47      | 7,466            | 53      | 13,972    | 6,816            | 39      | 10,497           | 61      | 17,313    |
| Boston, Mass. ....     | 14,957           | 70      | 6,282            | 30      | 21,239    | 16,187           | 61      | 10,210           | 39      | 26,397    |
| Chicago, Ill. ....     | 35,432           | 80      | 9,044            | 20      | 44,476    | 31,861           | 82      | 6,791            | 18      | 38,652    |
| Cleveland, Ohio ....   | 9,238            | 75      | 3,017            | 25      | 12,255    | 9,681            | 72      | 3,795            | 28      | 13,476    |
| Denver, Colo. ....     | 3,577            | 47      | 4,084            | 53      | 7,661     | 2,992            | 37      | 5,052            | 63      | 8,044     |
| Los Angeles, Calif. .. | 5,336            | 9       | 55,843           | 91      | 61,179    | 5,362            | 9       | 53,257           | 91      | 58,619    |
| New York, N. Y. ....   | 43,378           | 55      | 36,213           | 45      | 79,591    | 41,053           | 51      | 38,825           | 49      | 79,878    |
| Philadelphia, Pa. .... | 17,116           | 53      | 15,377           | 47      | 32,493    | 17,281           | 52      | 16,194           | 48      | 33,475    |
| San Francisco-         |                  |         |                  |         |           |                  |         |                  |         |           |
| Oakland, Calif. ....   | 4,361            | 22      | 15,345           | 78      | 19,706    | 3,401            | 18      | 15,328           | 82      | 18,729    |
| Seattle, Wash. ....    | 3,897            | 42      | 5,342            | 58      | 9,239     | 3,576            | 41      | 5,076            | 59      | 8,652     |
| Washington, D. C. .... | 3,652            | 43      | 4,784            | 57      | 8,436     | 3,212            | 40      | 4,861            | 60      | 8,073     |
| 13 markets combined:   | 150,508          | 47      | 171,864          | 53      | 322,372   | 144,225          | 44      | 181,008          | 56      | 325,233   |
|                        | 1956             |         |                  |         |           | 1957             |         |                  |         |           |
|                        | Rail             |         | Truck            |         | Total     | Rail             |         | Truck            |         | Total     |
|                        | :Percent-:       |         | :Percent-:       |         | :         | :Percent-:       |         | :Percent-:       |         | :         |
|                        | :Carlots: age of |         | :Carlots: age of |         | :Carlots: | :Carlots: age of |         | :Carlots: age of |         | :Carlots: |
|                        | : total :        |         | : total :        |         | :         | : total :        |         | : total :        |         | :         |
|                        | Number           | Percent | Number           | Percent | Number    | Number           | Percent | Number           | Percent | Number    |
| Atlanta, Ga. ....      | 2,398            | 18      | 10,820           | 82      | 13,218    | 2,282            | 17      | 11,082           | 83      | 13,364    |
| Baltimore, Md. ....    | 6,605            | 39      | 10,525           | 61      | 17,130    | 5,910            | 35      | 10,876           | 65      | 16,786    |
| Boston, Mass. ....     | 16,185           | 63      | 9,401            | 37      | 25,586    | 17,153           | 61      | 11,006           | 39      | 28,159    |
| Chicago, Ill. ....     | 28,925           | 75      | 9,420            | 25      | 38,345    | 27,514           | 72      | 10,720           | 28      | 38,234    |
| Cleveland, Ohio ....   | 9,184            | 58      | 6,660            | 42      | 15,844    | 8,741            | 52      | 7,954            | 48      | 16,695    |
| Denver, Colo. ....     | 2,435            | 26      | 6,888            | 74      | 9,323     | 1,781            | 17      | 8,921            | 83      | 10,702    |
| Los Angeles, Calif. .. | 6,012            | 8       | 66,298           | 92      | 72,310    | 5,153            | 7       | 69,506           | 93      | 74,659    |
| New York, N. Y. ....   | 39,123           | 58      | 28,256           | 42      | 67,379    | 36,650           | 52      | 33,354           | 48      | 70,004    |
| Philadelphia, Pa. .... | 16,792           | 50      | 16,766           | 50      | 33,558    | 16,280           | 49      | 17,032           | 51      | 33,312    |
| San Francisco-         |                  |         |                  |         |           |                  |         |                  |         |           |
| Oakland, Calif. ....   | 2,526            | 13      | 16,837           | 87      | 19,363    | 1,995            | 9       | 19,294           | 91      | 21,289    |
| Seattle, Wash. ....    | 4,009            | 39      | 6,292            | 61      | 10,301    | 2/               | ---     | 2/               | ---     | 2/        |
| Washington, D. C. .... | 3,295            | 33      | 6,565            | 67      | 9,860     | 2,983            | 28      | 7,600            | 72      | 10,583    |
| 13 markets combined:   | 137,489          | 41      | 194,728          | 59      | 332,217   | 2/126,442        | 38      | 2/207,345        | 62      | 2/333,787 |

<sup>1/</sup> The data in this table are for apples, grapefruit, oranges, celery, lettuce, potatoes, tomatoes, and watermelons. The transportation covered here includes both for-hire and private. Truck data have been converted to rail carlot equivalents, and adjusted for incompleteness on the basis of estimates by local representatives of the Market News Branch.

<sup>2/</sup> The Market News Branch discontinued collection of truck unloads data for Seattle on September 1, 1957. Hence, no rail or truck data are shown here for Seattle in 1957; and for 1957 the combined markets are limited to the other 12.

Compiled from reports of the Market News Branch, Fruit and Vegetable Div., Agr. Market. Serv.



The cities already showing a truck percentage above 50 in 1951 remained that way in each succeeding year studied. Indeed, every city of the 13 covered in the analysis showed a net increase in the truck percentage between 1951 and 1957 (1956 for Seattle).

Atlanta relies strongly on nearby Florida for fresh produce, and hence truck unloads already were 75 percent of Atlanta's total in 1951. In the same year, Los Angeles and San Francisco-Oakland showed truck shares of 91 percent and 78 percent, respectively, because of their reliance chiefly on California as a source of supply. At Atlanta, Los Angeles, and San Francisco-Oakland the trucks held their ground percentagewise, in each succeeding year studied, or--more commonly--they made a percentage gain. On the other hand, at Boston in 1957, the nearby potato-growing State of Maine was the leading source of supply for fresh produce; but the truck share was still only 39 percent in that year.

One of the smallest changes was at New York City, where the truck share of the unloads of the eight selected fruits and vegetables was 45 percent in 1951 and 48 percent in 1957.

Each of the eight commodities studied accounts for a noteworthy volume of freight. Combining them allows some year-to-year variations in production of any given fruit or vegetable to be partly offset by the variations of other items in the opposite direction. This reduces one source of accidental variation, from year to year, as to how much of the traffic moves by rail and by truck, inasmuch as some commodities are better suited to a given mode of transport than are others.

Similarly, the most significant trend figures shown in the table are for the combined group of cities. At any given city, year-to-year changes in the transportation pattern are, of course, likely to be sharper than for the group of cities.

Unloads data differ from data on receipts. A consignment may be received at a city, sold in the rail car or on the truck, and proceed to another city or town without having been unloaded. Hence at Chicago, for example, the rail share of the receipts of fresh fruits and vegetables is slightly larger than the rail share of the unloads. This reflects the fact that the receiver's reselling the whole consignment to a buyer in another city without having unloaded it is more prevalent in rail movement than in truck movement.

The data here are for carlots, not for car-miles or the like. A carlot of potatoes hauled from Long Island farms into New York City counts the same in these figures as a carlot hauled from Idaho. The cost of railroading and the freight rates charged by railroads taper: They increase less-than-proportionately with the length of haul. Trucking costs and rates are more nearly proportionate to distance. Hence, for any given commodity, the railroads commonly haul a bigger percentage of the long-distance traffic than of the short-distance traffic. In turn, this means that the rail percentage of the fruit and vegetable unloads in any given year would be bigger if the unit of measurement were a car-mile (one car hauled 1 mile) instead of a carlot (a unit which has nothing to do with distance). Only data of the latter type are available on produce traffic of railroads and trucks.



However, what is of chief interest here is the trend over a period of years, not the situation in any single year. For the former purpose, the available data are very suitable.

The number of carlots of the eight selected fruits and vegetables which was unloaded at the group of cities rose only from 322,000 carlots in 1951 to 332,000 carlots in 1956. Not only did the railroads' percentage of total carlots decline but their actual number of carlots also fell. A carlot of produce today is, in many instances, more food than a carlot of the same commodity a few years ago. Carrots without tops, and packed in film bags that are shipped in paper master containers rather than wooden crates, are an example. Another illustration is a precooled carton of lettuce instead of a wooden crate containing lettuce plus ice. <sup>4/</sup> The slow growth in the total number of carlots of the eight selected fresh fruits and vegetables unloaded at the 13 cities is probably also a result of increased use of more highly processed foods, such as frozen fruit juices and frozen cooked foods.

#### Eggs: Shell and Frozen

The railroads' traffic in eggs, both shell and frozen, is approaching the vanishing point. Table 20 illustrates this with figures regarding three large and widely scattered cities--Philadelphia, Chicago, and Los Angeles. It is based on the available Market News data, which--despite the efforts of AMS to get full coverage--involve a good deal of under-reporting, especially of truck receipts. The data have been adjusted to try to approximate 100 percent coverage. To the extent that the adjusted figures fail to achieve this, the figures tend to understate the relative importance of the truck share of the traffic.

In 1948, for Philadelphia and Chicago combined, the railroads still accounted for 45 percent of the total receipts of frozen eggs. For the three cities combined, the railroads at that time accounted for 26 percent of the total receipts of shell eggs. By 1951 the respective figures had declined to 19 percent and 2 percent. By 1957 they were 6 percent and less than one-half of 1 percent.

That average of 6 percent conceals an important difference. In 1957, 20 percent of the frozen eggs received at Philadelphia still came by rail, while no rail receipts of this commodity were reported at Chicago.

Some of the factors which account for the railroads' loss of the shell egg traffic are also important in the rivalry between railroads and trucks for other perishables and indeed for a wide variety of commodities. These factors include the trucks' speed, their flexibility as to routing and as to timing of runs, and door-to-door service. This last is especially important if the shipper or receiver has no rail spur to his warehouse door--a common lack among smaller firms of many types.

In the transportation of shell eggs, there have been special factors as well. Because of severe impacts generally encountered during rail transportation, shell eggs are subject to considerably more damage in transit when shipped

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<sup>4/</sup> Fruit and Vegetable Div., Agr. Market. Serv., U. S. Dept. Agr. Chicago Unloads of Fresh Fruits and Vegetables, 1957, "Summary," Chicago, Ill., Feb. 20, 1958.



Table 20.- Rail and truck receipts of eggs at Chicago, Los Angeles, and Philadelphia, 1948, 1951, 1954, 1956, and 1957 <sup>1/</sup>

| Commodity and market  | 1948         |                             |              |                             |              | 1951         |                             |              |                             |              |
|-----------------------|--------------|-----------------------------|--------------|-----------------------------|--------------|--------------|-----------------------------|--------------|-----------------------------|--------------|
|                       | Rail         |                             | Truck        |                             | Total        | Rail         |                             | Truck        |                             | Total        |
|                       | Quantity     | Percent-<br>age of<br>total | Quantity     | Percent-<br>age of<br>total | Quantity     | Quantity     | Percent-<br>age of<br>total | Quantity     | Percent-<br>age of<br>total | Quantity     |
|                       | <u>cases</u> | <u>Pct.</u>                 | <u>cases</u> | <u>Pct.</u>                 | <u>cases</u> | <u>cases</u> | <u>Pct.</u>                 | <u>cases</u> | <u>Pct.</u>                 | <u>cases</u> |
| Shell eggs:           |              |                             |              |                             |              |              |                             |              |                             |              |
| Chicago .....         | 1,849        | 27                          | 5,126        | 73                          | 6,975        | 123          | 2                           | 4,933        | 98                          | 5,056        |
| Los Angeles ..        | 341          | 18                          | 1,501        | 82                          | 1,842        | 41           | 2                           | 2,378        | 98                          | 2,419        |
| Philadelphia ..       | 457          | 32                          | 967          | 68                          | 1,424        | 28           | 2                           | 1,406        | 98                          | 1,434        |
| 3 markets combined .. | 2,646        | 26                          | 7,594        | 74                          | 10,241       | 192          | 2                           | 8,717        | 98                          | 8,909        |
|                       | 1,000 lbs.   |                             | 1,000 lbs.   |                             | 1,000 lbs.   | 1,000 lbs.   |                             | 1,000 lbs.   |                             | 1,000 lbs.   |
|                       | <u>gross</u> | <u>Pct.</u>                 | <u>gross</u> | <u>Pct.</u>                 | <u>gross</u> | <u>gross</u> | <u>Pct.</u>                 | <u>gross</u> | <u>Pct.</u>                 | <u>gross</u> |
| Frozen eggs:          |              |                             |              |                             |              |              |                             |              |                             |              |
| Chicago .....         | 7,504        | 31                          | 16,459       | 69                          | 23,964       | 3,399        | 11                          | 27,649       | 89                          | 31,048       |
| Philadelphia ..       | 5,956        | 98                          | 149          | 2                           | 6,105        | 4,806        | 41                          | 6,840        | 59                          | 11,646       |
| 2 markets combined 3/ | 13,461       | 45                          | 16,608       | 55                          | 30,069       | 8,205        | 19                          | 34,489       | 81                          | 42,694       |
|                       |              |                             |              |                             |              |              |                             |              |                             |              |
|                       | 1954         |                             |              |                             |              | 1956         |                             |              |                             |              |
|                       | <u>cases</u> | <u>Pct.</u>                 | <u>cases</u> | <u>Pct.</u>                 | <u>cases</u> | <u>cases</u> | <u>Pct.</u>                 | <u>cases</u> | <u>Pct.</u>                 | <u>cases</u> |
| Shell eggs:           |              |                             |              |                             |              |              |                             |              |                             |              |
| Chicago .....         | 7            | 2/                          | 4,865        | 100                         | 4,873        | 40           | 1                           | 4,770        | 99                          | 4,810        |
| Los Angeles ..        | 1            | 2/                          | 3,503        | 100                         | 3,503        | 1            | 2/                          | 3,855        | 100                         | 3,856        |
| Philadelphia ..       | 1            | 2/                          | 1,342        | 100                         | 1,343        | 2            | 2/                          | 1,462        | 100                         | 1,464        |
| 3 markets combined .. | 9            | 2/                          | 9,710        | 100                         | 9,719        | 43           | 2/                          | 10,087       | 100                         | 10,130       |
|                       | 1,000 lbs.   |                             | 1,000 lbs.   |                             | 1,000 lbs.   | 1,000 lbs.   |                             | 1,000 lbs.   |                             | 1,000 lbs.   |
|                       | <u>gross</u> | <u>Pct.</u>                 | <u>gross</u> | <u>Pct.</u>                 | <u>gross</u> | <u>gross</u> | <u>Pct.</u>                 | <u>gross</u> | <u>Pct.</u>                 | <u>gross</u> |
| Frozen eggs:          |              |                             |              |                             |              |              |                             |              |                             |              |
| Chicago .....         | 1,048        | 5                           | 18,204       | 95                          | 19,252       | 32           | 2/                          | 23,205       | 100                         | 23,237       |
| Philadelphia ..       | 2,222        | 18                          | 10,420       | 82                          | 12,642       | 2,544        | 20                          | 9,919        | 80                          | 12,463       |
| 2 markets combined 3/ | 3,270        | 10                          | 28,625       | 90                          | 31,895       | 2,576        | 7                           | 33,125       | 93                          | 35,701       |
|                       |              |                             |              |                             |              |              |                             |              |                             |              |
|                       | 1957         |                             |              |                             |              |              |                             |              |                             |              |
|                       | <u>cases</u> | <u>Pct.</u>                 | <u>cases</u> | <u>Pct.</u>                 | <u>cases</u> |              |                             |              |                             |              |
| Shell eggs:           |              |                             |              |                             |              |              |                             |              |                             |              |
| Chicago .....         | 1            | 2/                          | 4,532        | 100                         | 4,534        |              |                             |              |                             |              |
| Los Angeles ..        | 0            | 0                           | 4,209        | 100                         | 4,209        |              |                             |              |                             |              |
| Philadelphia ..       | 0            | 2/                          | 1,370        | 100                         | 1,370        |              |                             |              |                             |              |
| 3 markets combined .. | 2            | 2/                          | 10,111       | 100                         | 10,112       |              |                             |              |                             |              |
|                       | 1,000 lbs.   |                             | 1,000 lbs.   |                             | 1,000 lbs.   |              |                             |              |                             |              |
|                       | <u>gross</u> | <u>Pct.</u>                 | <u>gross</u> | <u>Pct.</u>                 | <u>gross</u> |              |                             |              |                             |              |
| Frozen eggs:          |              |                             |              |                             |              |              |                             |              |                             |              |
| Chicago .....         | 0            | 0                           | 30,247       | 100                         | 30,247       |              |                             |              |                             |              |
| Philadelphia ..       | 2,648        | 20                          | 10,881       | 80                          | 13,529       |              |                             |              |                             |              |
| 2 markets combined 3/ | 2,648        | 6                           | 41,128       | 94                          | 43,776       |              |                             |              |                             |              |

<sup>1/</sup> The transportation covered here includes both for-hire and private. On the basis of estimates by local representatives of the Market News Branch, adjustments for incompleteness have been made in the truck data and, where needed, in the rail data. Totals shown may differ slightly from the sum of the components, because of rounding.

<sup>2/</sup> Less than one-half of 1 percent.

<sup>3/</sup> No data are available on receipts of frozen eggs at Los Angeles.

Compiled from reports of the Market News Branch, Dairy Div., Agr. Market. Serv.



by rail than when moving by truck. Heavy damage claims on eggs led the railroads in 1948 to adopt tolerance rules applicable on claims for shell egg shipments damaged during rail transportation. In some instances these rules reduced claims by as much as 50 percent of the total loss sustained. The rail share of the shell egg traffic fell rapidly after 1948. Not until 1956 were these tolerance rules held invalid by the Supreme Court. <sup>5/</sup> Moreover, in recent years the railroads have excluded shell eggs from certain downward rate adjustments on frozen eggs and on dairy products.

Some shippers who have changed from rail to truck for shell eggs have let this shift carry over to frozen-egg shipment--the lesser part of their business--even though some of the advantages of truck shipment of shell eggs are unimportant in the movement of frozen eggs. This means that some egg shippers send their frozen eggs by truck simply because they have gotten accustomed to doing this with their shell eggs.

However, frozen eggs generally move longer distances to market than fresh eggs do. The railroads' tapering charges on long hauls and the fact that frozen eggs are less likely to be damaged during rail movement than are shell eggs explains why the railroads have not lost their frozen egg traffic to the trucks as readily as their shell egg traffic.

#### Competition Between Carriers: A Dynamic Process

What determines the rail and truck shares of freight is a story as varied as the commodities moved. The percentage of the traffic hauled by a given form of transport, or even by a specific railroad, trucking firm, or barge line, also depends greatly upon the respective carriers' ability and willingness to make their services and rates satisfactory to shippers and receivers. Within the past year, one of the nation's larger railroads began piggy-back service for fresh produce from the Lower Rio Grande Valley of Texas to St. Louis with a fast schedule and at rates designed to compete with those of the trucks. The result was a large shift of this produce traffic from over-the-road trucks to piggy-back.

One of the New England railroads was earning about a third of its entire revenue by hauling Maine potatoes, and also a substantial amount from fertilizer as back-haul. This railroad's management became worried about the rapid increase in potato movement out of Maine and fertilizer movement into Maine via highway. Last year it negotiated with the management of other railroads to accomplish a drastic rate reduction on Maine potato shipments within New England and to the Midwest, and a rate cut of 50 percent on fertilizer from Boston to Maine. On potato movements, the minimum load for a carload rate was raised from 36,000 to 50,000 pounds. <sup>6/</sup>

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<sup>5/</sup> 284 I.C.C. 377 (February 4, 1952), Special Regulations, Eggs; 350 U.S. 162 (January 9, 1956), Secretary of Agriculture v. United States et al.

<sup>6/</sup> Railway Age, May 5, 1958, page 32.

When two modes of transport or two carriers of the same sort vie with each other for traffic, they may compete as to either the level of charges or the quality of service, or both. In a carrier's efforts at gaining traffic by improving its service, it generally is free of Government control. For much of the transport industry, rates are subject to governmental approval, and the carriers' discretion about rates is exercised within that framework. Nevertheless, in the hauling of any particular commodity, a trend from one mode of transport to another is important in two ways: The loser need not give up the competitive struggle, unless the commodity is wholly unsuited to the kind of transportation service he offers or can develop. The winner is the winner for only today unless he, too, is alert to the shipper's and receiver's needs.



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15. "Marketing Meat-Type Hogs -- Problems, Practices, and Potentials in the United States and Canada," by Gerald Engelman and Raymond O. Gaarder, U. S. Dept. Agr. Market. Res. Rpt. 227, Apr. 1958.
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| : | Publications issued by State Agricultural Experiment | : |
| : | Stations may be obtained from the issuing Station.   | : |
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Table 21.- Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, April-June 1958 <sup>1/</sup>

| Product <sup>2/</sup>                 | Farm equivalent  | Retail unit   | Retail cost | Gross farm value | Byproduct allowance | Net farm value | Farm-retail spread | Farmer's share |
|---------------------------------------|--|---|-------------|------------------|---------------------|----------------|--------------------|----------------|
|                                       |  |   | Dollars     | Dollars          | Dollars             | Dollars        | Dollars            | Percent        |
| Market basket <sup>3/</sup> .....     |  |   | 1,082.58    | ---              | ---                 | 444.24         | 638.34             | 41             |
| Meat products .....                   |  |   | 296.22      | 189.68           | 17.31               | 172.37         | 123.85             | 58             |
| Dairy products .....                  |  |   | 191.56      | ---              | ---                 | 83.83          | 107.73             | 44             |
| Poultry and eggs .....                |  | Average quantities purchased per urban wage-earner and clerical-worker family in 1952 | 95.52       | ---              | ---                 | 58.96          | 36.56              | 62             |
| Bakery and cereal products            | Farm produce equivalent to products bought by urban families |   | 159.46      | ---              | ---                 | 30.85          | 128.61             | 19             |
| Grain .....                           |  |   | ---         | 26.00            | 3.17                | 22.83          | ---                | 14             |
| All fruits and vegetables .....       |  |   | 251.16      | ---              | ---                 | 78.05          | 173.11             | 31             |
| Fresh fruits and vegetables .....     |  |   | 158.10      | ---              | ---                 | 60.74          | 97.36              | 38             |
| Fresh vegetables .....                |  |   | 80.55       | ---              | ---                 | 27.49          | 53.06              | 34             |
| Processed fruits and vegetables ..... |  |   | 93.07       | ---              | ---                 | 17.31          | 75.76              | 19             |
| Fats and oils .....                   |  |   | 45.08       | ---              | ---                 | 12.88          | 32.20              | 29             |
| Miscellaneous products .....          |  |   | 43.57       | ---              | ---                 | 7.30           | 36.27              | 17             |
|                                       |  |   | Cents       | Cents            | Cents               | Cents          | Cents              | Percent        |
| Beef (Choice grade) .....             | 2.16 lb. Choice grade cattle                                 | Pound   | 82.9        | 56.8             | 4.7                 | 52.1           | 30.8               | 63             |
| Lamb (Choice grade) .....             | 2.36 lb. lamb  | Pound   | 73.3        | 49.2             | 6.5                 | 42.7           | 30.6               | 58             |
| Pork (retail cuts) .....              | 2.13 lb. hogs  | Pound   | 65.6        | 46.4             | 6.8                 | 39.6           | 26.0               | 60             |
| Butter .....                          | Cream and whole milk   | Pound   | 73.6        | ---              | ---                 | 50.4           | 23.2               | 68             |
| Cheese, American process .....        | Milk for American cheese                                     | Pound   | 58.1        | ---              | ---                 | 27.4           | 30.7               | 47             |
| Ice cream .....                       | Cream and milk   | Pint  | 29.7        | ---              | ---                 | 4/5.4          | 24.3               | 18             |
| Milk, evaporated .....                | Milk for evaporating   | 14-1/2 ounce can  | 15.1        | ---              | ---                 | 6.0            | 9.1                | 40             |
| Milk, fluid .....                     | Wholesale fluid milk   | Quart   | 24.1        | ---              | ---                 | 10.2           | 13.9               | 42             |
| Chickens, frying, ready-to-cook       | 1.37 lb. broilers  | Pound   | 49.6        | ---              | ---                 | 27.6           | 22.0               | 56             |
| Eggs .....                            | 1.03 doz.  | Dozen   | 55.0        | ---              | ---                 | 36.7           | 18.3               | 67             |
| Bread, white                          |  |   |             |                  |                     |                |                    |                |
| All ingredients .....                 | Wheat and other ingredients                                  | Pound   | 19.2        | ---              | ---                 | 3.1            | 16.1               | 16             |
| Wheat .....                           | .894 lb. wheat   | Pound   | ---         | 2.8              | .3                  | 2.5            | ---                | 13             |
| Crackers, soda .....                  | 1.40 lb. wheat   | Pound   | 29.3        | 4.3              | .5                  | 3.8            | 25.5               | 13             |
| Corn flakes .....                     | 1.57 lb. white corn  | 12 ounces   | 25.4        | 4.4              | 1.2                 | 3.2            | 22.2               | 13             |
| Corn meal .....                       | 1.34 lb. white corn  | Pound   | 12.8        | 3.7              | .4                  | 3.3            | 9.5                | 26             |
| Flour, white .....                    | 7.0 lb. wheat  | 5 pounds  | 55.7        | 21.7             | 2.5                 | 19.2           | 36.5               | 34             |
| Rolled oats .....                     | 2.31 lb. oats  | 18 ounces   | 20.3        | 4.4              | .7                  | 3.7            | 16.6               | 18             |
| Apples .....                          | 1.08 lb. apples  | Pound   | 18.1        | ---              | ---                 | 7.6            | 10.5               | 42             |
| Grapefruit <sup>5/</sup> .....        | 1.04 grapefruit  | Each  | 14.1        | ---              | ---                 | 3.8            | 10.3               | 27             |
| Lemons .....                          | 1.04 lb. lemons  | Pound   | 18.8        | ---              | ---                 | 5.0            | 13.8               | 27             |
| Oranges .....                         | 1.04 doz. oranges  | Dozen   | 76.4        | ---              | ---                 | 32.4           | 44.0               | 42             |
| Beans, green .....                    | 1.09 lb. snap beans  | Pound   | 25.1        | ---              | ---                 | 10.1           | 15.0               | 40             |
| Cabbage .....                         | 1.10 lb. cabbage   | Pound   | 10.5        | ---              | ---                 | 2.3            | 8.2                | 22             |
| Carrots .....                         | 1.06 lb. carrots   | Pound   | 14.1        | ---              | ---                 | 3.4            | 10.7               | 24             |
| Celery .....                          | 1.11 lb. celery  | Pound   | 19.0        | ---              | ---                 | 7.9            | 11.1               | 42             |
| Lettuce .....                         | 1.41 lb. lettuce   | Head  | 18.4        | ---              | ---                 | 6.1            | 12.3               | 33             |
| Onions .....                          | 1.06 lb. onions  | Pound   | 11.6        | ---              | ---                 | 4.2            | 7.4                | 36             |
| Potatoes .....                        | 10.42 lb. potatoes   | 10 pounds   | 76.3        | ---              | ---                 | 24.9           | 51.4               | 33             |
| Sweetpotatoes .....                   | 1.12 lb. sweetpotatoes                                       | Pound   | 17.7        | ---              | ---                 | 6.5            | 11.2               | 37             |
| Tomatoes .....                        | 1.18 lb. tomatoes  | Pound   | 39.2        | ---              | ---                 | 14.0           | 25.2               | 36             |
| Orange juice, canned .....            | 5.88 lb. Fla. oranges for canning                            | 46 ounce can  | 36.7        | ---              | ---                 | 7.3            | 29.4               | 20             |
| Peaches, canned .....                 | 1.89 lb. Calif. cling  | No. 2-1/2 can   | 33.9        | ---              | ---                 | 6.0            | 27.9               | 18             |
| Beans with pork, canned .....         | .35 lb. Mich. dry beans                                      | 16 ounce can  | 15.1        | ---              | ---                 | 3.1            | 12.0               | 21             |
| Corn, canned .....                    | 2.49 lb. sweet corn  | No. 303 can   | 17.5        | ---              | ---                 | 2.4            | 15.1               | 14             |
| Peas, canned .....                    | .69 lb. peas for canning                                     | No. 303 can   | 21.0        | ---              | ---                 | 3.1            | 17.9               | 15             |
| Tomatoes, canned .....                | 1.84 lb. tomatoes for processing                             | No. 303 can   | 17.9        | ---              | ---                 | 2.3            | 15.6               | 13             |
| Orange juice concentrate, frozen      | 3.05 lb. Fla. oranges for frozen concentrated juice          | 6 ounce can   | 26.7        | ---              | ---                 | 8.2            | 18.5               | 31             |
| Strawberries, frozen .....            | .51 lb. strawberries for processing                          | 10 ounces   | 26.5        | ---              | ---                 | 4.8            | 21.7               | 18             |
| Beans, green, frozen .....            | .71 lb. beans for processing                                 | 9 ounces  | 23.3        | ---              | ---                 | 4.4            | 18.9               | 19             |
| Peas, frozen .....                    | .70 lb. peas for freezing                                    | 10 ounces   | 19.4        | ---              | ---                 | 3.2            | 16.2               | 16             |
| Dried beans (navy) .....              | 1.00 lb. Mich. dry beans                                     | Pound   | 18.2        | ---              | ---                 | 8.9            | 9.3                | 49             |
| Dried prunes .....                    | .97 lb. dried prunes   | Pound   | 33.2        | ---              | ---                 | 8.9            | 24.3               | 27             |
| Margarine, colored .....              | Soybeans, cottonseed, and milk                               | Pound   | 29.7        | ---              | ---                 | 7.8            | 21.9               | 26             |
| Peanut butter .....                   | 1.77 lb. peanuts   | Pound   | 54.4        | ---              | ---                 | 19.2           | 35.2               | 35             |
| Salad dressing .....                  | Cottonseed, soybeans, sugar, and eggs                        | Pint  | 37.8        | ---              | ---                 | 7.1            | 30.7               | 19             |
| Vegetable shortening .....            | Soybeans and cottonseed                                      | 3 pounds  | 95.7        | ---              | ---                 | 28.1           | 67.6               | 29             |
| Corn sirup .....                      | 1.90 lb. corn  | 24 ounces   | 25.8        | ---              | ---                 | 3.1            | 22.7               | 12             |
| Sugar .....                           | 38.28 lb. sugar beets  | 5 pounds  | 55.8        | ---              | ---                 | 6/20.0         | 6/35.8             | 6/36           |

<sup>1/</sup> The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

<sup>2/</sup> Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

<sup>3/</sup> Market basket total may differ from sum of product group totals because of rounding of averages.

<sup>4/</sup> Includes farm value of cream and milk only.

<sup>5/</sup> 2-month average.

<sup>6/</sup> Net farm value adjusted for Government payments to producer was 24.4 cents, farm-retail spread adjusted for Government processor tax was 33.1 cents, farmer's share of retail cost based on adjusted farm value was 44 percent.

Preliminary estimates.

Table 22.- Farm food products: Retail cost and farm value, April-June 1958, January-March 1958, April-June 1957, and 1947-49 average <sup>1/</sup>

| Product <sup>2/</sup>                 | Retail unit  | Retail cost |          |          |         |         |         |                    |        | Net farm value <sup>3/</sup> |          |          |         |         |         |                    |         |
|---------------------------------------|--|-------------|----------|----------|---------|---------|---------|--------------------|--------|------------------------------|----------|----------|---------|---------|---------|--------------------|---------|
|                                       |  | Apr.-       |          | Jan.-    |         | Apr.-   |         | Percentage change: |        | Apr.-                        |          | Jan.-    |         | Apr.-   |         | Percentage change: |         |
|                                       |  | June        |          | Mar.     |         | June    |         | 1947-49            |        | June                         |          | Mar.     |         | June    |         | 1947-49            |         |
|                                       |  | 1958        | 1957     | 1958     | 1957    | 1958    | 1957    | average            | from - | 1958                         | 1957     | 1958     | 1957    | 1958    | 1957    | average            | from -  |
|                                       |  | Dollars     | Dollars  | Dollars  | Dollars | Percent | Percent |                    |        | Dollars                      | Dollars  | Dollars  | Dollars | Dollars | Dollars | Percent            | Percent |
| Market basket <sup>6/</sup> .....     | (  | 1,082.58    | 1,055.52 | 1,002.07 | 940.09  | 3       | 8       |                    |        | 444.24                       | 5/436.17 | 5/396.45 | 466.02  | 2       | 12      |                    |         |
| Meat products .....                   | (  | 296.22      | 283.14   | 5/254.91 | 256.08  | 5       | 16      |                    |        | 172.37                       | 5/162.20 | 5/137.49 | 170.90  | 6       | 25      |                    |         |
| Dairy products .....                  | (  | 191.56      | 196.03   | 188.56   | 169.28  | -2      | 2       |                    |        | 83.83                        | 5/89.40  | 5/85.77  | 91.66   | -6      | -2      |                    |         |
| Poultry and eggs .....                | Average quantities purchased (                             | 95.52       | 98.68    | 5/87.31  | 117.01  | -3      | 9       |                    |        | 58.96                        | 62.65    | 5/52.20  | 80.69   | -6      | 13      |                    |         |
| Bakery and cereal products            | per urban wage-earner and clerical-worker family in 1952 ( | 159.46      | 159.09   | 5/156.55 | 121.96  | 7/      | 2       |                    |        | 30.85                        | 5/31.68  | 5/32.14  | 34.97   | -3      | -4      |                    |         |
| All ingredients                       | (  | ---         | ---      | ---      | ---     | ---     | ---     |                    |        | 22.83                        | 5/23.64  | 5/23.90  | 24.96   | -3      | -4      |                    |         |
| Grain .....                           | (  | 251.16      | 230.75   | 227.04   | 184.68  | 9       | 11      |                    |        | 78.05                        | 5/70.17  | 5/66.69  | 60.93   | 11      | 17      |                    |         |
| All fruits and vegetables             | (  | 158.10      | 140.47   | 138.55   | 103.91  | 13      | 14      |                    |        | 60.74                        | 5/53.85  | 5/49.01  | 42.91   | 13      | 24      |                    |         |
| Fresh fruits and vegetables           | (  | 80.55       | 77.80    | 69.82    | 53.17   | 4       | 15      |                    |        | 27.49                        | 5/29.65  | 5/21.05  | 22.97   | -7      | 31      |                    |         |
| Fresh vegetables .....                | (  | 93.07       | 90.28    | 5/88.48  | ---     | 3       | 5       |                    |        | 17.31                        | 5/16.32  | 5/17.68  | ---     | 6       | -2      |                    |         |
| Processed fruits and vegetables ..... | (  | 45.08       | 44.99    | 45.52    | 52.21   | 7/      | -1      |                    |        | 12.88                        | 5/12.97  | 5/14.83  | 19.84   | -1      | -13     |                    |         |
| Fats and oils .....                   | (  | 43.57       | 42.84    | 42.18    | 38.87   | 1       | 3       |                    |        | 7.30                         | 5/7.09   | 5/7.34   | 7.03    | 3       | -1      |                    |         |
| Miscellaneous products .....          | (  |             |          |          |         |         |         |                    |        |                              |          |          |         |         |         |                    |         |
|                                       |  | Cents       | Cents    | Cents    | Cents   | Percent | Percent |                    |        | Cents                        | Cents    | Cents    | Cents   | Percent | Percent |                    |         |
| Beef (Choice grade) .....             | Pound  | 82.9        | 78.8     | 69.7     | 68.5    | 5       | 19      |                    |        | 52.1                         | 5/50.5   | 5/42.1   | 48.5    | 3       | 24      |                    |         |
| Lamb (Choice grade) .....             | Pound  | 73.3        | 74.6     | 70.0     | 63.9    | -2      | 5       |                    |        | 42.7                         | 5/43.5   | 5/40.1   | 44.2    | -2      | 6       |                    |         |
| Pork (retail cuts) .....              | Pound  | 65.6        | 63.1     | 59.4     | 59.4    | 4       | 10      |                    |        | 39.6                         | 36.1     | 5/33.4   | 39.7    | 10      | 19      |                    |         |
| Butter .....                          | Pound  | 73.6        | 74.9     | 73.9     | 79.4    | -2      | 7/      |                    |        | 50.4                         | 5/51.7   | 5/51.6   | 59.3    | -3      | -2      |                    |         |
| Cheese, American process .....        | Pound  | 58.1        | 58.2     | 57.5     | 52.6    | 7/      | 1       |                    |        | 27.4                         | 29.0     | 28.6     | 32.0    | -6      | -4      |                    |         |
| Ice cream .....                       | Pint   | 29.7        | 29.6     | 29.4     | ---     | 7/      | 1       |                    |        | 8/5.4                        | 8/5.6    | 8/5.6    | ---     | -4      | -4      |                    |         |
| Milk, evaporated .....                | 1 1/2 ounce can  | 15.1        | 15.0     | 14.5     | 13.7    | 1       | 4       |                    |        | 6.0                          | 6.4      | 6.2      | 7.1     | -6      | -3      |                    |         |
| Milk, fluid .....                     | Quart  | 24.1        | 24.9     | 23.6     | 20.1    | -3      | 2       |                    |        | 10.2                         | 5/11.1   | 10.4     | 10.6    | -8      | -2      |                    |         |
| Chickens, frying, ready-to-cook       | Pound  | 49.6        | 48.8     | 48.6     | ---     | 2       | 2       |                    |        | 27.6                         | 28.2     | 5/26.9   | ---     | -2      | 3       |                    |         |
| Eggs .....                            | Dozen  | 55.0        | 59.0     | 47.4     | 66.7    | -7      | 16      |                    |        | 36.7                         | 39.9     | 5/30.3   | 48.0    | -8      | 21      |                    |         |
| Bread, white                          |  |             |          |          |         |         |         |                    |        |                              |          |          |         |         |         |                    |         |
| All ingredients .....                 | Pound  | 19.2        | 19.1     | 18.8     | 13.5    | 1       | 2       |                    |        | 3.1                          | 3.2      | 3.2      | 3.3     | -3      | -3      |                    |         |
| Wheat .....                           | Pound  | ---         | ---      | ---      | ---     | ---     | ---     |                    |        | 2.5                          | 2.6      | 2.6      | 2.7     | -4      | -4      |                    |         |
| Crackers, soda .....                  | Pound  | 29.3        | 29.2     | 29.0     | ---     | 7/      | 1       |                    |        | 3.8                          | 4.0      | 4.1      | ---     | -5      | -7      |                    |         |
| Corn flakes .....                     | 12 ounces  | 25.4        | 25.2     | 23.0     | 17.1    | 1       | 10      |                    |        | 3.2                          | 5/3.3    | 2.9      | 3.2     | -3      | 10      |                    |         |
| Corn meal .....                       | Pound  | 12.8        | 12.8     | 12.8     | 11.8    | 0       | 0       |                    |        | 3.3                          | 5/3.4    | 3.0      | 3.6     | -3      | 10      |                    |         |
| Flour, white .....                    | 5 pounds   | 55.7        | 55.3     | 54.6     | 48.4    | 1       | 2       |                    |        | 19.2                         | 5/19.9   | 20.4     | 21.0    | -4      | -6      |                    |         |
| Rolls oats .....                      | 18 ounces  | 20.3        | 20.2     | 9/19.9   | 16.1    | 7/      | 2       |                    |        | 3.7                          | 3.7      | 9/4.2    | 5.4     | 0       | -12     |                    |         |
| Apples .....                          | Pound  | 18.1        | 13.5     | 20.1     | 11.9    | 34      | -10     |                    |        | 7.6                          | 5.3      | 9.6      | 5.4     | 43      | -21     |                    |         |
| Grapefruit .....                      | Each   | 10/14.1     | 12.0     | 10/11.2  | 8.5     | 18      | 26      |                    |        | 10/3.8                       | 2.4      | 10/2.1   | 1.4     | 58      | 81      |                    |         |
| Lemons .....                          | Pound  | 18.8        | 19.0     | 18.8     | 17.7    | -1      | 0       |                    |        | 5.0                          | 4.3      | 4.5      | 5.7     | 16      | 11      |                    |         |
| Oranges .....                         | Dozen  | 76.4        | 65.6     | 54.9     | 46.6    | 16      | 39      |                    |        | 32.4                         | 23.8     | 17.0     | 12.6    | 36      | 91      |                    |         |
| Beans, green .....                    | Pound  | 25.1        | 11/      | 24.7     | 21.1    | 11/     | 2       |                    |        | 10.1                         | 11/      | 5/10.2   | 9.3     | 11/     | -1      |                    |         |
| Cabbage .....                         | Pound  | 10.5        | 11.3     | 9.5      | 6.9     | -7      | 11      |                    |        | 2.3                          | 3.4      | 2.3      | 1.9     | -32     | 0       |                    |         |
| Carrots .....                         | Pound  | 14.1        | 16.0     | 13.8     | 11.1    | -12     | 2       |                    |        | 3.4                          | 3.7      | 3.0      | 4.0     | -8      | 13      |                    |         |
| Celery .....                          | Pound  | 19.0        | 15.4     | 15.5     | ---     | 23      | 23      |                    |        | 7.9                          | 4.7      | 4.6      | ---     | 68      | 72      |                    |         |
| Lettuce .....                         | Head   | 18.4        | 17.8     | 16.3     | 14.5    | 3       | 13      |                    |        | 6.1                          | 6.5      | 5.8      | 6.3     | -6      | 5       |                    |         |
| Onions .....                          | Pound  | 11.6        | 9.5      | 11.7     | 8.4     | 22      | -1      |                    |        | 4.2                          | 3.5      | 4.8      | 3.7     | 20      | -12     |                    |         |
| Potatoes .....                        | 10 pounds  | 76.3        | 64.7     | 57.4     | 51.9    | 18      | 33      |                    |        | 24.9                         | 24.8     | 13.4     | 25.6    | 7/      | 86      |                    |         |
| Sweetpotatoes .....                   | Pound  | 17.7        | 15.7     | 16.0     | 11.6    | 13      | 11      |                    |        | 6.5                          | 6.0      | 6.2      | 4.8     | 8       | 5       |                    |         |
| Tomatoes .....                        | Pound  | 39.2        | 40.7     | 36.9     | ---     | -4      | 6       |                    |        | 14.0                         | 5/16.5   | 5/11.2   | ---     | -15     | 25      |                    |         |
| Orange juice, canned .....            | 46 ounce can   | 36.7        | 34.8     | 36.0     | ---     | 5       | 2       |                    |        | 7.3                          | 7.3      | 10.6     | ---     | 0       | -31     |                    |         |
| Peaches, canned .....                 | No. 2-1/2 can  | 33.9        | 34.3     | 34.7     | 31.5    | -1      | -2      |                    |        | 6.0                          | 6.0      | 6.7      | 5.3     | 0       | -10     |                    |         |
| Beans with pork, canned .....         | 16 ounce can   | 15.1        | 15.0     | 14.6     | ---     | 1       | 3       |                    |        | 3.1                          | 2.7      | 2.3      | ---     | 15      | 35      |                    |         |
| Corn, canned .....                    | No. 303 can  | 17.5        | 17.5     | 17.1     | 16.7    | 0       | 2       |                    |        | 2.4                          | 2.4      | 2.5      | 2.7     | 0       | -4      |                    |         |
| Peas, canned .....                    | No. 303 can  | 21.0        | 21.2     | 21.5     | 21.4    | -1      | -2      |                    |        | 3.1                          | 3.1      | 5/3.1    | 3.0     | 0       | 0       |                    |         |
| Tomatoes, canned .....                | No. 303 can  | 17.9        | 16.0     | 14.8     | 14.2    | 12      | 21      |                    |        | 2.3                          | 2.3      | 2.4      | 2.6     | 0       | -4      |                    |         |
| Orange juice concentrate, frozen      | 6 ounce can  | 26.7        | 23.7     | 18.1     | ---     | 13      | 48      |                    |        | 8.2                          | 5/5.9    | 6.2      | ---     | 39      | 32      |                    |         |
| Strawberries, frozen .....            | 10 ounces  | 26.5        | 26.2     | 26.6     | ---     | 1       | 7/      |                    |        | 4.8                          | 4.7      | 7.2      | ---     | 2       | -33     |                    |         |
| Beans, green, frozen .....            | 9 ounces   | 23.3        | 22.6     | 9/21.6   | ---     | 3       | 8       |                    |        | 4.4                          | 4.4      | 9/4.5    | ---     | 0       | -2      |                    |         |
| Peas, frozen .....                    | 10 ounces  | 19.4        | 19.6     | 19.6     | ---     | -1      | -1      |                    |        | 3.2                          | 3.2      | 5/3.4    | ---     | 0       | -6      |                    |         |
| Dried beans (navy) .....              | Pound  | 18.2        | 16.9     | 16.0     | 19.9    | 8       | 14      |                    |        | 8.9                          | 7.8      | 6.5      | 9.7     | 14      | 37      |                    |         |
| Dried prunes .....                    | Pound  | 33.2        | 33.0     | 34.3     | 23.1    | 1       | -3      |                    |        | 8.9                          | 8.9      | 9.5      | 8.8     | 0       | -6      |                    |         |
| Margarine, colored .....              | Pound  | 29.7        | 29.8     | 30.0     | 39.7    | 7/      | -1      |                    |        | 7.8                          | 5/8.2    | 9.6      | 12.2    | -5      | -19     |                    |         |
| Peanut butter .....                   | Pound  | 54.4        | 54.1     | 53.6     | ---     | 1       | 1       |                    |        | 19.2                         | 17.4     | 19.6     | ---     | 10      | -2      |                    |         |
| Salad dressing .....                  | Pint   | 37.8        | 37.8     | 37.2     | 37.8    | 0       | 2       |                    |        | 7.1                          | 5/7.0    | 7.7      | 10.0    | 1       | -8      |                    |         |
| Vegetable shortening .....            | 3 pounds   | 95.7        | 95.4     | 99.0     | 105.6   | 7/      | -3      |                    |        | 28.1                         | 5/29.5   | 5/34.9   | 46.2    | -5      | -19     |                    |         |
| Corn sirup .....                      | 24 ounces  | 25.8        | 25.3     | 24.8     | ---     | 2       | 4       |                    |        | 3.1                          | 2.6      | 3.3      | ---     | 19      | -6      |                    |         |
| Sugar .....                           | 5 pounds   | 55.8        | 55.6     | 55.0     | 48.4    | 7/      | 1       |                    |        | 20.0                         | 20.0     | 20.0     | 19.4    | 0       | 0       |                    |         |

<sup>1/</sup> The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

<sup>2/</sup> Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

<sup>3/</sup> Gross farm value adjusted to exclude imputed values of byproducts obtained in processing.

<sup>4/</sup> Preliminary estimates.

<sup>5/</sup> Most January-March figures have been revised; other figures revised as indicated.

<sup>6/</sup> Sum of product groups may differ slightly from market basket total because of rounding.

<sup>7/</sup> Less than 0.5 percent.

<sup>8/</sup> Includes farm value of cream and milk only.

<sup>9/</sup> Data for this item revised because of change in retail unit.

<sup>10/</sup> 2-month average.

<sup>11/</sup> Insufficient data.



Table 23- Farm food products: Farm-retail spread and farmer's share of the retail cost, April-June 1958, January-March 1958, April-June 1957 and 1947-49 average 1/

| Product 2/                       | Retail unit   | Farm-retail spread 3/ |                |                |                 | Farmer's share           |                |                |                |                |                 |
|----------------------------------|---|-----------------------|----------------|----------------|-----------------|--------------------------|----------------|----------------|----------------|----------------|-----------------|
|                                  |   | Apr.-June 1958        | Jan.-Mar. 1958 | Apr.-June 1957 | 1947-49 average | Percentage change from - |                | Apr.-June 1958 | Jan.-Mar. 1958 | Apr.-June 1957 | 1947-49 average |
|                                  |   | 4/                    | 5/             | 1957           | average         | Jan.-Mar. 1958           | Apr.-June 1957 | 1958           | 1958           | 1957           | average         |
|                                  |   | Dollars               | Dollars        | Dollars        | Dollars         | Percent                  | Percent        | Percent        | Percent        | Percent        | Percent         |
|                                  |   |                       |                |                |                 |                          |                |                |                |                |                 |
| Market basket 6/                 |   | 638.34                | 619.35         | 5/605.62       | 474.07          | 3                        | 5              | 41             | 41             | 5/40           | 50              |
| Meat products                    |   | 123.85                | 120.94         | 5/117.42       | 85.18           | 2                        | 5              | 58             | 57             | 5/54           | 67              |
| Dairy products                   |   | 107.73                | 106.63         | 5/102.79       | 77.62           | 1                        | 5              | 44             | 46             | 5/45           | 54              |
| Poultry and eggs                 | Average quantities purchased per urban wage-earner and clerical-worker family in 1952 | 36.56                 | 36.03          | 5/35.11        | 36.32           | 1                        | 4              | 62             | 63             | 60             | 69              |
| Bakery and cereal products       |   | 128.61                | 127.41         | 5/124.41       | 86.99           | 1                        | 3              | 19             | 20             | 21             | 29              |
| All ingredients                  |   | ---                   | ---            | ---            | ---             | ---                      | ---            | 14             | 15             | 15             | 20              |
| Grain                            |   | 173.11                | 160.58         | 5/160.35       | 123.75          | 8                        | 8              | 31             | 30             | 5/29           | 33              |
| All fruits and vegetables        |   | 97.36                 | 86.62          | 5/89.54        | 61.00           | 12                       | 9              | 38             | 38             | 5/35           | 41              |
| Fresh fruits and vegetables      |   | 53.06                 | 48.15          | 5/48.77        | 30.20           | 10                       | 9              | 34             | 38             | 30             | 43              |
| Fresh vegetables                 |   | 75.76                 | 73.96          | 5/70.80        | ---             | 2                        | 7              | 19             | 18             | 20             | ---             |
| Processed fruits and vegetables  |   | 32.20                 | 32.02          | 5/30.69        | 32.37           | 1                        | 5              | 29             | 29             | 33             | 38              |
| Fats and oils                    |   | 36.27                 | 35.75          | 5/34.84        | 31.84           | 1                        | 4              | 17             | 17             | 5/17           | 18              |
| Miscellaneous products           |   |                       |                |                |                 |                          |                |                |                |                |                 |
|                                  |   | Cents                 | Cents          | Cents          | Cents           | Percent                  | Percent        | Percent        | Percent        | Percent        | Percent         |
| Beef (Choice grade)              | Pound   | 30.8                  | 28.3           | 5/27.6         | 20.0            | 9                        | 12             | 63             | 64             | 60             | 71              |
| Lamb (Choice grade)              | Pound   | 30.6                  | 31.1           | 5/29.9         | 19.7            | -2                       | 2              | 58             | 58             | 57             | 69              |
| Pork (retail cuts)               | Pound   | 26.0                  | 27.0           | 5/26.0         | 19.7            | -4                       | 0              | 60             | 57             | 56             | 67              |
| Butter                           | Pound   | 23.2                  | 23.2           | 5/22.3         | 20.1            | 0                        | 4              | 68             | 69             | 70             | 75              |
| Cheese, American process         | Pound   | 30.7                  | 29.2           | 28.9           | 20.6            | 5                        | 6              | 47             | 50             | 50             | 61              |
| Ice cream                        | Pint  | 24.3                  | 24.0           | 23.8           | ---             | 1                        | 2              | 18             | 19             | 19             | ---             |
| Milk, evaporated                 | 1 1/2 ounce can   | 9.1                   | 8.6            | 8.3            | 6.6             | 6                        | 10             | 40             | 43             | 43             | 52              |
| Milk, fluid                      | Quart   | 13.9                  | 13.8           | 13.2           | 9.5             | 1                        | 5              | 42             | 45             | 44             | 53              |
| Chickens, frying, ready-to-cook  | Pound   | 22.0                  | 20.6           | 5/21.7         | ---             | 7                        | 1              | 56             | 58             | 5/55           | ---             |
| Eggs                             | Dozen   | 18.3                  | 19.1           | 5/17.1         | 18.7            | -4                       | 7              | 67             | 68             | 64             | 72              |
| Bread, white                     |   |                       |                |                |                 |                          |                |                |                |                |                 |
| All ingredients                  | Pound   | 16.1                  | 15.9           | 15.6           | 10.2            | 1                        | 3              | 16             | 17             | 17             | 24              |
| Wheat                            | Pound   | ---                   | ---            | ---            | ---             | ---                      | ---            | 13             | 14             | 14             | 20              |
| Crackers, soda                   | Pound   | 25.5                  | 25.2           | 24.9           | ---             | 1                        | 2              | 13             | 14             | 14             | ---             |
| Corn flakes                      | 12 ounces   | 22.2                  | 21.9           | 20.1           | 13.9            | 1                        | 10             | 13             | 13             | 13             | 19              |
| Corn meal                        | Pound   | 9.5                   | 9.4            | 9.8            | 8.2             | 1                        | -3             | 26             | 27             | 23             | 31              |
| Flour, white                     | 5 pounds  | 36.5                  | 35.4           | 34.2           | 27.4            | 3                        | 7              | 34             | 36             | 37             | 43              |
| Rolls oats                       | 18 ounces   | 16.6                  | 16.5           | 1/15.7         | 10.7            | 1                        | 6              | 18             | 18             | 21             | 34              |
| Apples                           | Pound   | 10.5                  | 8.2            | 10.5           | 6.5             | 28                       | 0              | 42             | 39             | 48             | 45              |
| Grapefruit                       | Each  | 8/10.3                | 9.6            | 8/9.1          | 7.1             | 7                        | 13             | 27             | 20             | 19             | 16              |
| Lemons                           | Pound   | 13.8                  | 14.7           | 14.3           | 12.0            | -6                       | -3             | 27             | 23             | 24             | 32              |
| Oranges                          | Dozen   | 44.0                  | 41.8           | 37.9           | 34.0            | 5                        | 16             | 42             | 36             | 31             | 27              |
| Beans, green                     | Pound   | 15.0                  | 9/             | 5/14.5         | 11.8            | 9/                       | 3              | 40             | 9/             | 41             | 44              |
| Cabbage                          | Pound   | 8.2                   | 7.9            | 7.2            | 5.0             | 4                        | 14             | 22             | 30             | 24             | 28              |
| Carrots                          | Pound   | 10.7                  | 12.3           | 10.8           | 7.1             | -13                      | -1             | 24             | 23             | 22             | 36              |
| Celery                           | Pound   | 11.1                  | 10.7           | 10.9           | ---             | 4                        | 2              | 42             | 31             | 30             | ---             |
| Lettuce                          | Head  | 12.3                  | 11.3           | 10.5           | 8.2             | 9                        | 17             | 33             | 37             | 36             | 43              |
| Onions                           | Pound   | 7.4                   | 6.0            | 6.9            | 4.7             | 23                       | 7              | 36             | 37             | 41             | 44              |
| Potatoes                         | 10 pounds   | 51.4                  | 39.9           | 44.0           | 26.3            | 29                       | 17             | 33             | 38             | 23             | 49              |
| Sweetpotatoes                    | Pound   | 11.2                  | 9.7            | 9.8            | 6.8             | 15                       | 14             | 37             | 38             | 39             | 41              |
| Tomatoes                         | Pound   | 25.2                  | 24.2           | 5/25.7         | ---             | 4                        | -2             | 36             | 41             | 30             | ---             |
| Orange juice, canned             | 46 ounce can  | 29.4                  | 27.5           | 25.4           | ---             | 7                        | 16             | 20             | 21             | 29             | ---             |
| Peaches, canned                  | No. 2-1/2 can   | 27.9                  | 28.3           | 28.0           | 26.2            | -1                       | 10/            | 18             | 17             | 19             | 17              |
| Beans with pork, canned          | 16 ounce can  | 12.0                  | 12.3           | 12.3           | ---             | -2                       | ---            | 21             | 18             | 16             | ---             |
| Corn, canned                     | No. 303 can   | 15.1                  | 15.1           | 14.6           | 14.0            | 0                        | 3              | 14             | 14             | 15             | 16              |
| Peas, canned                     | No. 303 can   | 17.9                  | 18.1           | 5/18.4         | 18.4            | -1                       | -3             | 15             | 15             | 5/14           | 14              |
| Tomatoes, canned                 | No. 303 can   | 15.6                  | 13.7           | 12.4           | 11.6            | 14                       | 26             | 13             | 14             | 16             | 18              |
| Orange juice concentrate, frozen | 6 ounce can   | 18.5                  | 17.8           | 11.9           | ---             | 4                        | 55             | 31             | 25             | 34             | ---             |
| Strawberries, frozen             | 10 ounces   | 21.7                  | 21.5           | 19.4           | ---             | 1                        | 12             | 18             | 18             | 27             | ---             |
| Beans, green, frozen             | 9 ounces  | 18.9                  | 18.2           | 7/17.1         | ---             | 4                        | 11             | 19             | 19             | 21             | ---             |
| Peas, frozen                     | 10 ounces   | 16.2                  | 16.4           | 5/16.2         | ---             | -1                       | 0              | 16             | 16             | 17             | ---             |
| Dried beans (navy)               | Pound   | 9.3                   | 9.1            | 9.5            | 10.2            | 2                        | -2             | 49             | 46             | 41             | 49              |
| Dried prunes                     | Pound   | 24.3                  | 24.1           | 24.8           | 14.3            | 1                        | -2             | 27             | 27             | 28             | 38              |
| Margarine, colored               | Pound   | 21.9                  | 21.6           | 20.4           | 27.5            | 1                        | 7              | 26             | 28             | 32             | 31              |
| Peanut butter                    | Pound   | 35.2                  | 36.7           | 34.0           | ---             | -4                       | 4              | 35             | 32             | 37             | ---             |
| Salad dressing                   | Pint  | 30.7                  | 30.8           | 29.5           | 27.8            | 10/                      | 3              | 19             | 19             | 21             | 26              |
| Vegetable shortening             | 3 pounds  | 67.6                  | 65.9           | 5/64.1         | 59.4            | 3                        | 5              | 29             | 31             | 35             | 44              |
| Corn sirup                       | 24 ounces   | 22.7                  | 22.7           | 21.5           | ---             | 0                        | 6              | 12             | 10             | 13             | ---             |
| Sugar                            | 5 pounds  | 35.8                  | 35.6           | 35.0           | 29.0            | 1                        | 2              | 36             | 36             | 36             | 40              |

1/ The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

2/ Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

3/ The farm-retail spread is the difference between the retail cost and the net farm value, table

4/ Preliminary estimates.

5/ Most January-March figures have been revised; other figures revised as indicated.

6/ Sum of product groups may differ slightly from market basket total because of rounding.

7/ Data for this item revised because of change in retail unit.

8/ 2-month average.

9/ Insufficient data.

10/ Less than 0.5 percent.

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